



Case Alliance Turkey (CAT) Selected Cases Volume

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Foreword

The Case Alliance Turkey (CAT) Case Collection is one of a number of outputs from the CAT Project which was made possible by the collaborative support of stakeholders from Istanbul Technical University Ari Teknokent, Middle East Technical University, Rotterdam School of Management and SMART Partners. This three-year project received Erasmus+ funding, which enabled a number of workshops to be developed across Turkey to showcase the case study method and to encourage greater development and uptake of case teaching and case writing skills from participants which represented many different universities across Turkey.

As part of this project, participants were invited to prepare and submit a case study for inclusion in the CAT Case Collection. Whilst many scholars continue to develop their case content, this initial collection includes ten completed case studies, which represent a variety of different management contexts and which are presented in a range of different formats. Each case in the collection has an accompanying teaching note, and some case authors also provide accompanying slides or other online resources.



Purpose of the CAT Project Case Collection

From university classrooms to business life...

One of the basic goals of business schools is preparing their students for business life. To achieve this goal, the “case study” method, which is based on sharing examples from real life situations and developing business practices through them, is commonly used in many business schools around the world. This method has numerous benefits in terms of improving students’ ability to examine complicated situations, analyse problems, and make decisions. This method is one of the most preferred in several areas of education, including medicine and law.

Participatory and interactive education

Case studies are stories with a message, which can be fictional or based on real-life situations. Students, through active participation, while working on cases, improve their skills of comprehending situations and solving problems that they confront. Thereby, the case study method encompasses a process where the instructor and student work together.

The case study method in business schools

The case study method which was first used in the 1920s in Harvard Business School has become widespread all around the world. Through case studies, students have the opportunity to apply their theoretical knowledge, develop team skills, and develop solution-oriented decision making by correctly diagnosing problems in a frequently changing and highly ambiguous business environment. Thus, the case method supports learners to adapt to business life after university.

Case-Study Alliance Turkey (CAT)

The case study method is seldom used in Turkish business schools. Some of the reasons behind this may include the lack of knowledge regarding the method and its educational

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benefits, case studies not being available in Turkish, the absence of cases suitable for the Turkish context, and a lack of academicians familiar with the case study method who can write cases from local stories.

The CAT (Case-Study Alliance) Project, is a three-year project, forming part of the Erasmus+ programme. It is coordinated by Istanbul Technical University Arı Teknokent with the collaboration of İstanbul Technical University Department of Management Engineering—GINOVA, Middle East Technical University Department of Business Administration--GIMER from Turkey, Rotterdam Erasmus School of Management Case Development Centre from the Netherlands, and SMART Partners from England to disseminate the case study method in Turkey.

CAT's activities

CAT's goals can be listed as follows:

- Disseminating the case study method in Turkish business schools
- Improving students' analytical skills and decision-making processes and to better prepare them for business life after university
- Providing the required support to academicians for case writing
- Developing academicians who can train others
- Communicating success stories and problems of Turkish companies to national and international academic circles and thus contributing to both theory and practice
- Encouraging innovative training methods in Turkish universities
- Developing collaboration opportunities for future projects

In addition to preparing visual and written materials to achieve the above goals, workshops and other meetings have been organised in various Turkish cities, which focused on case study teaching and case writing.

Further resources related to the CAT Project can be found at one of the following websites:

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<http://www.ariteknokent.com.tr/tr/neden/dokumanlar>

<http://ginova.itu.edu.tr/cat/erisilebilir-kaynaklar>

<http://cat.ba.metu.edu.tr/en/cat-resources>

Case tutors can access the teaching notes relating to the ten cases listed in this collection by contacting the CAT Project team at CaseStudyAlliance@gmail.com.



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What makes these cases interesting?

The CAT Team have selected and supported the development of these 10 cases because it is believed that they represent a broad cross-section of different contexts for Turkish management education. These cases are written by Turkish scholars, about Turkish management situations, for Turkish students/learners. These cases incorporate a range of different management disciplines and are written for use with both undergraduate and postgraduate learners. In some cases, the content includes video and multimedia resources, and other cases provide a structured collection of text-based case data. Each case provides the case tutor with the opportunity to develop a unique 'classroom journey' through the case data, guided by the case teaching note, to enable the learners to discuss, analyse, compare and contrast, make decisions and ultimately participate in a challenging management situation. After completion of each case 'journey' the learner can then be invited to reflect on what aspects of learning they have discovered that they can take back to their real world once the discussion has concluded. Moreover, in this way, the cases provide opportunities for learning through both input, discovery, and reflection.

Summary of the Cases

To Change or Not to Change: The Blue & Green Design Technology Company

Author(s)	Kaplan, A. & Andrews, S.
Topics	Change management; Organizational change; Employee resistance; Leadership; Entrepreneurship
Setting	High Technology Industry; 2005-2017; Ankara, Turkey
Data Source	Generalised experience
Length	9 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Defining the type of changes required in the company, considering the roles of transformational and/or transactional change. 2) Understanding the driving forces and restraining forces of change. 3) Analysing the stakeholders and apply Eden and Ackermann's model of stakeholder power and Interest. 4) Identifying the reasons for employee resistance and the methods to overcome them. 5) Identifying the leadership approach demonstrated by Bulut (using Dunphy and Stace's four leadership styles model) 6) Analysing the change process guided by Kotter's 8-step change model
Abstract	Blue&Green Design Technology company has provided design programs and digital printing software to the textile industry in Turkey for eleven years, providing additional training and technical support. The company

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represents some well-known global organisations in the digital printing sector in Turkey. In this market, most of the companies are providing very similar programs and software products; therefore, the most important point of differentiation for Blue&Green Design Technology is the quality of training and technical services. Hence, customer relationship management plays an important role in managing market competition.

This case examines potential change processes available to Blue&Green Design Technology Company proposed by Neyla Bulut, who was hired as the new Sales Manager in 2016. When Bulut started to work for the company, she realised that Blue&Green had some difficulties in managing relationships with their customers and their employees. She observed that although the company had grown its business for more than ten years, it was still operating like a startup company and there was no clear operational structure in the organisation. Bulut started to implement a new system to change the organisation's structure from its entrepreneurial basis to a more professionalised platform, with the support of the founder managers. However, it was not so easy to manage this process given employee resistance. She was concerned about some issues including lack of clarity and communication, attachment to the established organisational culture, and employees showing resistance. Bulut recognised her role was evolving as a change champion but found that the business needed to deal with all these different situations if the organisation was going to be effective at implementing change.

Ereuna Research – Ethical Dilemmas with Big Data Analytics

Author(s)	Erşahin, D., Andrews, S. & Wasti, N.
Topics	Data ethics; Public data; Data privacy; Anonymity; Big data; Digital ethics; Research ethics; Social networks
Setting	2015 – 2017; Turkey
Data Source	Published sources, Generalized experience
Length	5 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Developing an ethical perspective for various dimensions of data-based research (collecting, anonymising, mining, analysing, storing data); 2) Defining and discussing the concepts of privacy, anonymity, publicity, and research ethics in the context of data science. 3) Developing awareness about the privacy and publicity issues related to the personal information people share on the internet.
Abstract	<p>This case addresses a multi-dimensional big data ethics dilemma. Ahmet Meraklı, the owner of Ereuna Research, finds himself in a tricky situation, which can lead to both a major professional accomplishment and an ethical challenge. A joint project run by Ereuna Research and Future Data, a start-up founded by an academic specialising in data science, Dr Elif Budak, had just begun to generate valuable results through what some might see as a potentially controversial process.</p>

To Outsource or Insource?

Author(s)	Aral, D., Yue, T., & Koene, B.
Topics	Project management; Change management; IT management; Cost management; Stakeholder management; Customer relations; Outsourcing; IT services
Setting	Manufacturing business, IT Services; 2008 – 2015; Turkey
Data Source	Field research
Length	14 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Understanding project management methodology, knowledge areas of project management 2) Discussing the importance of tailoring methodologies according to the requirements of real life 3) Learning the process of outsourcing an IT department 4) Discussing financial aspects of IT services 5) Discussing the importance of planning and strategy development in project management 6) Learning risk management 7) Learning organisational change management
Abstract	<p>In May 2009, Çimsan, one of the largest cement producers in Turkey, was invited to join a big IT services outsourcing project organised by one of its major shareholders. Previous Çimsan IT service audits had reported risks and issues that required action. Therefore, Çimsan saw the offer as an opportunity and joined the project. Çimsan's IT Manager was assigned as the project manager.</p>

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Çimsan was a joint venture (JV), and the other major shareholder had cost concerns regarding the proposed outsourcing model. Also, the users, as well as the functional managers of Çimsan, were happy with the insourced model and did not support the outsourced model. The IT team who would be transferred to a service provider upon signing the contract also viewed this option as a threat rather than an opportunity.

It took almost 2 years to compare and contrast the outsourcing vs insourcing options and prepare the outsourcing contract. Big volume of the contract and the strong bargaining power of the major shareholder resulted in competitive prices. Moreover, carefully studied contract details reduced the risk of unexpected high operational costs.

However, at this stage, the other major stakeholder made the strong statement that they were emphatically against outsourcing. This negative response was very frustrating for the Çimsan management, and they asked the project manager for clarifying the options. It was time for a decision.

When Diversity Management Meets Diversity

Author(s)	Erdur, D.A. & Saraç, M.
Topics	Diversity management; LGBT; Transfer of management practices; Homophobia
Setting	US-based Multinational Company; 2018; Turkey
Data Source	Generalised experience
Length	12 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Demonstrating the cultural sensitivity of diversity issues and challenges of diversity management 2) Understanding homophobia, homophobic cultural and organisational settings 3) Highlighting the dynamics behind stereotyping and discrimination 4) Discovering how cultural context affects management practices 5) Showing the difficulties and tensions in the transferability of management practices
Abstract	<p>The case illustrates the complexity of implementing diversity management through an MNC's diversity project. This complexity is emphasised by the sensitivity of diversity in different contexts regarding the effects of cultural values, norms, religion, etc. By focusing on gender orientation, the case tries to open a discussion about the perceptions and judgments related to diversity.</p> <p>The case starts with Irmak's (Onur) arrival at Istanbul from Thailand, where she has just had a sex reassignment operation. After her annual leave, which she spent in Thailand for the operation, she returns to work, wondering about the reactions of her colleagues to her new</p>

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identity. Irmak, who is presently expecting a promotion to the position of Manager of Public Relations, works in the public relations department in ABC, which is a US-based MNC operating in Turkey.

ABC launched a diversity project at the end of 2011 in its all subsidiaries, including Turkey. The company headquarters defined the main concepts of diversity management but gave the initiative to their subsidiaries to determine their diversity pillars and practices. With this project, ABC identified diversity as a strategic tool to gain competitive advantage. The project covered three basic diversity pillars: gender, cultural diversity, and generation. All subsidiaries had a diversity team and diversity leader. Although ABC's general headquarters had an inclusive approach to diversity, the management team in ABC Turkey has approached Irmak's situation with hesitancy.

Effective ICT Integration Strategies in Schools: Should Teachers Integrate or not Integrate?

Author(s)	Mumcu, F.
Topics	ICT integration; ICT integration models; ICT integration strategies
Setting	School; 2011-2012; Turkey
Data Source	Generalised experience
Length	11 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Identifying effective ICT integration parameters in a school context 2) Identifying obstacles and facilitators for teachers in ICT integration process 3) Analysing and evaluate a school's ICT integration management and proposing the most suitable solution for ICT integration 4) Designing ICT integration courses for teachers' professional development
Abstract	<p>This case describes an investment on a project titled "Informatics Movement" which aims to strengthen the existing ICT infrastructure in schools, to give each student a tablet and to use ICT effectively in teaching and learning. The case highlights the considerations involved in determining an appropriate strategy for ICT integration in schools.</p>

Contracting for the Unknown: Managing Turkcell's Agile Innovation Projects with Technology Partners

Author(s)	Kızıltunç, M.K. & Gençer, M.
Topics	Innovation management; Open innovation; Information technology; Agile development, Turkcell
Setting	Digital Services Innovation; 2018; Turkey
Data Source	Field research
Length	12 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Identifying the problems in innovation which agile practices intend to solve. 2) Identifying which of the different contract types are suitable for different business priorities, with the reasons for the match, 3) Understanding how certain agile practices do or do not work with certain contract types.
Abstract	<p>The case focuses on issues in managing innovation projects in a large-scale technology firm, which are outsourced from smaller firms. Management of such projects face certain trade-offs, and certain types of contracts embody common solutions to these trade-offs. While the case introduces these contract types, it invites the reader to engage in potential sources of complications and managerial approaches to remedy them while at the same time ensuring agility in the process.</p>

TRS Group – Managing a Trust Culture

Author(s)	Saraç, M.
Topics	Corporate culture; Leadership; Total Quality Management; Multinational organisations
Setting	Multinational company; 2007-2009; Turkey
Data Source	Generalised experience
Length	8 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Explaining the function of organisational culture and propose a model which considers the different layers of organisational culture. 2) Analysing the effects of culture (values) on individuals' behaviour under different circumstances, especially during problem-solving or changes in employee motivation. 3) Explaining the differences between strong and weak culture. 4) Understanding the effect of national culture on organisational culture in a multi-national context
Abstract	<p>The TRS Group Bursa Unit manufactured highly complex machine parts and was widely renowned in the market for its best practice in cost competitiveness and quality. David Phillips was the Technical Manager when an unexpected defective product was sent to an internal customer and caused a major safety problem. This case describes the TRS culture, the effect of national culture on organisational culture, and how TRS leaders responded to this quality problem by emphasising TRS values such as trust and continuous improvement.</p>

GPM Holding - Powering Up Growth

Author(s)	Alpay, G., Büyükbacı, P. & Dülger, M.
Topics	International expansion; Growth strategy; Energy sector; Family business
Setting	Battery Industry; 2010; Turkey
Data Source	Published sources, Generalised experience
Length	9 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Exploring growth strategy options from the viewpoint of international and local market conditions. 2) Discussing several related strategic management and international management concepts 3) Using analysis tools such as Porter's Five Forces Model and Ansoff's Strategy Matrix. 4) Discussing the new framework for foreign market entry.
Abstract	<p>GPM Battery, the most famous and profitable subsidiary of GPM Holding, one of the most prominent family companies in Turkey established back in the 1980s. The company operates in the auto-supply industry, mainly manufacturing car batteries for both lightweight and heavyweight vehicles. The company is a successful exporter in its field and is already listed among the major international players in the field.</p> <p>GPM Battery is now on the edge of new investments, but there are some significant conflicts among board members, especially between the two sisters representing the second generation. One of them, Duygu, who is also the current CEO of the company, claims that investments should be directed to new international markets and</p>

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growth strategy should be based on related diversification in these markets. On the other hand, Ebru, the former CEO of the company, underlines the global economic stagnation and its impact on slow growth in the automobile industry and supports the view that the company should instead focus on opportunities in the domestic market. She argues that there are substantial opportunities in the local energy sector, which might support plans for the company. So what Ebru actively proposes is that the company should explore opportunities in the local market, even in some unrelated areas, while at the same time exploiting its current position in the international market with a defence strategy, rather than an offensive one.

Alev, the external director of the company, is anxious about these different viewpoints between the sisters. There is an extraordinary board meeting coming in a few days, and she wants to put herself in the right position and come up with some constructive ideas that will ease the conflict between two sisters. It was evident that there would be a heated discussion on these alternative growth plans, so Alev needs to think thoroughly over each alternative and lead the discussion smoothly. After all, she knows that both sisters respect her views.

Everest, are you ready?

Author(s)	Özoğlu, B.
Topics	Team; Teamwork; Decision making; Leadership; Leading teams; Organizational behaviour; Risk Management; Crisis Management
Setting	Everest expedition of the Turkish team; 2006; Tibet
Data Source	Field study, Personal experience
Length	Multimedia Case – 66 min.
Teaching Objectives	<ol style="list-style-type: none"> 1) Identify the main elements of group identity and the characteristics of being a team. 2) Define teamwork 3) Explain how efficiency and high performance can be achieved through teamwork and the recognition of a common goal and group norms. 4) Evaluate and discuss different approaches of explaining effective leadership patterns. 5) Evaluate multi-dimensional processes of decision making of an effective leader.
Abstract	<p>On 27 March 2006, a Turkish team of 11 mountaineers, led by the seasoned climber Serhan Poçan, arrived at the foot of the Himalayas with three targets in mind: (1) The first Turkish national team ascent to the summit of Mt. Everest; (2) The first Turkish woman ascent to the summit of Mt. Everest; (3) The first ascent from Turkey to be made without the help of supplemental oxygen.</p> <p>After weeks of preparations, acclimatisation, and trial approaches, on 15 May four team members including one woman reached the summit,</p>

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which marked the accomplishment of two targets leaving only one open – the first ascent from Turkey to be made without the help of supplemental oxygen. Although the team had already withdrawn from this target and having achieved the other two, the leader decided the remaining team have to reach the summit as well.

This decision was a challenge, however, since four team members were suffering health problems including one who fainted during the final summit push and had to climb down to the ABC (advanced base camp) escorted by two other climbers and the sherpas. Despite the complication, the team leader Poçan announced that the team would have another trial with all the rest of the climbers who had not reached the summit. This was a bold decision as the Sherpa team refused to continue the climb citing religious reasons, some of the team members were discouraged by the death of two good friends from other expedition teams in the previous two days, and the “good weather window” would only last about 10 days – possibly too short for the sick ones to recover and climb up to top.

The expedition resumed nevertheless, and on 24 May, just before the weather was about to turn bad, all the remaining six climbers reached the summit of Mt. Everest and returned to the ABC safely. The 2006 Turkish Mt. Everest Expedition Team had achieved its pre-set targets.

İSKENDER®-Yavuz İskenderoğlu: Growth Decision in a Long-Lived Family Business

Author(s)	Dil, E.
Topics	Long-lived family business; Growth decision; Growth strategy; Decision making; İskender Kebap
Setting	Food industry; 2010s; Turkey & Europe
Data Source	Published sources, Field research
Length	12 pages
Teaching Objectives	<ol style="list-style-type: none"> 1) Understanding how new opportunities and growth possibilities in the sector are processed in the strategic decisions of long-lived family businesses that have followed the same strategy for many years. 2) Revealing the challenges of strategic decisions which change the business models of these enterprises. 3) Exploring which of the growth strategy alternatives need to be evaluated. 4) Recognising the fact that the growth decision cannot be solely based on numerical data, and understand the power of intangible assets such as brand value, the value system of the business, etc.
Abstract	<p>Strategic decision making for growth and evaluating the business model options are the central themes of this case on the growth of İSKENDER®-Yavuz İskenderoğlu in the 2010s. İSKENDER® is one of the oldest family-owned companies in Turkey, known as the creator of döner kebab. Despite the three-way splitting of the family business over the years, Yavuz İskenderoğlu created his brand and started to expand his family business from the mid-1990s onwards. After the 2000s many new brands and startups emerged in the market, which increased the</p>

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	<p>number of chain franchise restaurants in the sector.</p> <p>On the other hand, döner was getting famous all over the world, and its consumption was rapidly increasing. Until 2014, İSKENDER®-Yavuz İskenderoğlu reached 15 branches. From that moment, the owners of the company and the professional manager Ayhan Bey had to decide on their strategy to leverage the value of their 150-year-old brand. They wanted to protect the brand image and the company's core value system while growing both in the national and international markets. The strategic options of the firm needed to be addressed.</p>
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To Change or Not to Change: The Blue & Green Design Technology Company

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Ayşe Kaplan and Scott Andrews wrote this case study as a part of the Case-Study Alliance Turkey Erasmus+ Project.

This case is based on a generalised experience. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors have disguised some identifying information to protect confidentiality.

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TO CHANGE OR NOT TO CHANGE: THE BLUE&GREEN DESIGN TECHNOLOGY COMPANY

It was September 2017, and the founders of Blue&Green Design Technology Company were having a meeting with Neyla Bulut, the Sales Manager, about the need for change.

Serkan Keskin: *Neyla, you know that when you said you wanted to change some procedures to standardise business processes in our company, we gave full support to you. Yes, we are aware that we have been operating like a startup for more than ten years and we need to move forward towards a more professional operational style. That's why we gave you the authority to do this, but it looks like all your change attempts are not going anywhere. We need to see results.*

Ozan Kahveci: *I agree with Serkan. Neyla, we still support you and trust you, but we need to see evidence of some improvements. If you think the changes are not working as you wanted, then tell us, and we can discuss other possibilities altogether. If you want to continue to do it, then come to us with solutions and a good plan.*

Neyla Bulut: *Thank you for all your support and trust. Please give me one more week so I can decide how to move things forward.*

After the meeting, Bulut recalled her first days in Blue&Green and her excitement when first joining the organisation as the Sales Manager in 2016. At this point, Blue&Green had been delivering design programs and digital printing software to the textile industry for eleven years from its base in Ankara, Turkey. From the first day of her arrival, Bulut had been commissioned with a challenge to champion change for the organisation, and as such had become passionate about implementing change. However, one year later, she felt like she had hit a wall as each change initiative seemed to be followed by barriers of resistance. Even though she believed that implementing the change was important for the survival of the company, given its competitive environment, she became less and less confident about putting her ideas into practice for fear of such difficulties. Subsequently, Bulut had become less confident about the task that had been set for her and had begun to wonder whether she had taken on too great a challenge.

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The Industry

In the Turkish design and printing market, most companies were selling similar programs and software products as many effectively represented the same global companies. Therefore, the most important differentiation points for these companies were the quality of training for the customers and their technical and support services to customers. Customer relationship management was extremely important for these companies given that their businesses were in an industry reliant on high technology, and where customer loyalty determined the success of the company. There were only a few companies in the Turkish market, but Blue&Green had a strong competitor – Blue Sky Technologies - which was selling the same design programs and digital printing software to the textile industry, as well as other design programs for the furniture industry. Consequently, customer relationship management strategies, quality of staff training and technical services, and the expertise of the sales personnel were playing an increasingly important role in this competitive environment.

Blue&Green Design Technology Company

Blue&Green was founded by Serkan Keskin, Hakan Usta, and Ozan Kahveci in 2005 to deliver design programs and digital printing software to the textile industry, as well as providing training and technical support for customers. When Bulut was hired in 2016, Blue&Green was a small but growing company with ten employees and its three founding managers, and she noted that it was mostly run with an entrepreneurial spirit. Even though there were no clear structures and divisions, each founder focused on different areas. Keskin was listed as the general manager of the company in official documents and had strong connections in the Turkish textile sector. Usta was responsible for financial issues, while Kahveci dealt with the technical parts of the software and the relations with the global companies they were representing. Although the founders shared responsibilities, the lines between their duties were not so well defined and they all made major decisions together. Therefore, there were no clear divisions in the company. In effect, there were two main categories of staff – the three founder managers and the ten employees who had oversight of sales and assisted the founders in all other business matters. Most of these employees were engineers with expertise in design programs and digital printing software products. These engineers also worked as the sales force of the company. They generally worked in teams, according to

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their areas of engineering expertise. Since the company had customers from different cities, the sales engineers had to travel and work outside of the office a great deal. There was no evidence of a hierarchy between employees, so all of them were effectively reporting to the founding managers. Business had been good, and staff numbers were predicted to increase, but the competition was also getting stronger.

Because Blue&Green was a small company, there was a lack of effective human and financial resource management. Workers and managers had to deal with lots of different issues. Therefore, when Bulut was hired as the sales manager, her responsibilities were not limited to sales management but also included marketing, customer relations, and human resource management. As a consequence, Bulut often experienced difficulties in making decisions about issues which were out of her areas of expertise.

Managing Organizational Change

Shortly after Bulut started to work for the company, she observed that there was no clear structure in the organisation. This situation had caused some problems in customer relations and employee relations, such as the absence of a customer information database and a lack of communication between employees and managers. Therefore, Bulut thought about some of the changes that could be implemented to resolve these problems and at the same time standardise the business processes of the company. Bulut had graduated from a reputable Turkish university, with a strong engineering education, and so she believed she had been well-trained for this role and was ready for a challenge. Before Blue&Green, she had worked as a sales manager in a larger company with a well-developed organisational structure. Therefore, she believed that these experiences had equipped her with the skills to now manage the change processes that were needed in Blue&Green, and so she asked to have a meeting with the founders.

Having been authorised by the founders to explore new change initiatives, Bulut was keen to share her suggestions for improvements with the organisation, so she decided to start with the sales and customer relations team. Glancing at her notes from a previous meeting with the team she observed: *'the salespeople fill their customer meeting reports with personal details in a complicated way. It causes inconsistency in the reports because every salesperson writes different things. Solution – to ask them to fill in a standardised customer*

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meeting report that consists of eight specific questions so we can create a proper customer information database.'

The other issue that concerned Bulut was communication with customers. The company was sending one standard e-mail to everyone on their database, but she felt that the team should personalise e-mails according to certain grouped customer characteristics to increase the chances of further sales. She noted: *'About telemarketing; when I look at the number of calls, it is great: 230 calls, but we only get three appointments out of them. The sales employees said that even if we got the appointment, the customers wouldn't buy the product. This is the problem we need to solve. Solution - not to decide on the phone whether the customer will buy it or not, but to get the appointment and talk to the customers face to face to explain the products' features in detail and then to convince them to purchase it.'*

She had also considered assigning specific employees into a permanent team to provide customer training, to replace the current system of staff rotation. In this way, she felt that the company would improve efficiency, as the same selected employees would be gaining expertise in delivering training programs. She made some additional notes related to issues concerning both customers and employees and summarised these in an email to the founders (see Exhibit 1).

Keskin was the first to respond, thanking Bulut for her detailed proposals. He confirmed that the founders had also been thinking about the same problems, but given their existing responsibilities, they had been unsure of how to take these actions further. He asked: *'Do you think you will be able to manage the change process on your own, as I know we are all so busy right now?'*

Bulut responded that she believed that she could manage it with her background and previous job experience, provided the founders continue to support her. She reiterated: *'I think implementing the change process is essential for the company in this competitive sector.'*

Usta responded *'We trust you with this, Bulut. You have our support, but we appreciate it still might not be easy. As you know, we are a small company, and our financial resources*

are limited. Also, we feel it's very important to keep our existing staff happy in their work, as we are relying on them so much right now.'

Kahveci also replied: *'I agree, I think change is necessary for our company's survival. Neyla, let us know if you need help and keep us informed about the process.'*

Implementing the proposals

After the meeting Bulut set to work to start implementing the changes, beginning with standardising the customer meeting reports and creating a customer information database. She sent an email to the salesforce to explain the new processes and asked them to start answering specific questions when filling in customer meeting reports. One of the salespeople, Sezai, was out of Ankara that week for customer meetings. When he came back, he had a conversation with Gamze, another salesperson. Sezai was far from convinced that the changes in report writing were warranted. He soon discovered that many of the other salespeople were equally sceptical. *'Bulut wants us to answer eight questions, but I can't understand why we need to do that. I always write my comments about the meeting and note the important points. It's ever been a problem before,'* Gamze exclaimed.

Sezai agreed: *'I know, I know! It takes extra time to fill that report. I don't want to offend Bulut, but I have many customers to get in touch with and limited time to be preparing all these fancy reports already. I don't have time to put extra effort into answering all these new questions. Besides, at the end of the day, they probably don't read the reports anyway – they just want to check how many customers I visited.'*

The other issue Bulut started to address was the way the salesforce communicated with customers. She sent a general all-staff email with new guidance on how emails to customers should be modified and personalised according to the type of customer and the issues that were being addressed, instead of sending one generic email to everyone. She then started talking with the employees who were at the office about this approach, and she asked them to relay the information to other employees. However, she sensed that the employees did not seem eager to be sending the new style emails, and she soon sensed that most of the emails that were issued continued to follow the old standardised format.

On one occasion Bulut received an e-mail from Deniz, who had been a salesperson in the company for more than five years. Bulut had been hoping to get Deniz's cooperation with these changes. Deniz forwarded the chat history between himself and one of the customers and asked for Bulut's advice to resolve the customer's problem. After sorting the problem, she invited him to her office for a short chat.

Bulut reminded Deniz that they had all agreed to send more personalised emails to customers and that the email chain that he had shown her earlier continued to present the old generic style to the customer. She asked him to explain why he had not personalised it.

However, Deniz protested, saying that he *had* sent the customer a personalised e-mail. *'You said that we should write the name of the customer instead of "Dear customer" and I did. So, what is the problem?'*

Bulut agreed that it was important to specify the name of the customer but that this alone was not enough. *'For example,'* she said, *'when you talked with the customer on the phone he said that he was interested in the Gemini software, and you sent the standardized-old style email which mentions a little bit about Gemini but then goes on to give many details about other unrelated products and their features. You need to tailor the content of the email as well as referring to the customer by their name.'*

Deniz shrugged his shoulders and muttered agreement with Bulut's suggestion: *'Okay, I see what you mean now. However, when you said we should send personalised emails, we didn't get clear explanations on how to do it. That's why I thought that changing the name would be enough. Also, I hope you're aware that personalising emails for each customer are going to require a heck of lot more time. Moreover, it's going to be hard to reach the number of possible customers you set on a weekly basis if we've got to do it this way. I feel way too much under time pressure to reach these goals as it is, without now having to think about applying these new procedures at the same time!'*

Whilst reflecting on this, Bulut decided that she want to create a permanent team to provide training programs for customers. So far, these training sessions had been given by the engineers who had expertise in program design and with digital printing software, but these engineers were not professional instructors. Bulut thought that it was an inefficient

process to have all the engineers providing training on a rotating basis. She felt it would be better to produce a permanent team with training responsibilities. However, the engineers were not happy about providing training on a permanent basis because they were concerned that this would take away from their engineering-related responsibilities. In the end, after further consultation, nobody wanted to be on the training team.

Another one of Bulut's initiatives was to change the employee performance evaluation system. In a meeting, she explained the new system to employees and then had to rush off to a different meeting without making time for questions from the employees about the pros and cons of the new system. By the time she had returned to her desk an email from a disgruntled employee was waiting in her inbox:

'Hi, Neyla. Thanks for your meeting today. However, I felt you should know that I believe there is a communication problem between the managers and us. We have only limited daily communication channels to raise things with them. Most of the time decisions are not communicated to us properly; managers talk at us and decide on something in their private meetings. After that, they ask us to apply those decisions perfectly, but most of the information and instructions seem to get lost along the way. In my view, it's simply not working!'

In response to this, Bulut started thinking about setting up a formal employee training program with an accompanying system for assessing employee satisfaction levels. Bulut realised that most of the time the managers were assuming that everything was working well for the employees because managers were not hearing any complaints. She felt that this new employee performance evaluation system would pave the way for communications between employees and managers.

Soon after arriving at Blue&Green it had occurred to Bulut that when a salesman had a problem, he talked with his manager, got advice, and solved the problem. At the same time, if another salesperson was experiencing the same problem, there was no guarantee that the same advice would be given as nothing was recorded from the first incident. She believed that the company did not have an orientation plan for its employees, which had left her feeling that there was a knowledge gap in the organisation. Therefore, planning an orientation program, which could flag up solutions to potential problems, could both

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improve communication among the workforce and reduce management time that was currently being wasted by having to respond to the same problems repeatedly.

Establishing a key account management system, generating customer satisfaction surveys for sales and technical support processes, and organising web-based seminars on technical training of their products were other topics in Bulut's list. Recent social media postings had highlighted to Bulut that Blue Sky Technologies was improving its customer relations, which she felt was giving it an advantage in the market. Furthermore, she found that some websites also provided online training and webinars about design programs and digital printing software products, which would also unavoidably present itself as competition for Blue&Green. Bulut felt that her new plans would improve the company's competitiveness. However, these new plans would require more human and financial resources. She also needed to win the hearts and minds of all the workforce, and she was not at all convinced that this was currently working. Furthermore, when Bulut thought about implementing the key account management system, she realised that she did not have enough knowledge about these systems, nor was she able to state what would be the additional time required and a number of new specialised HR employees.

Decision Time

After a year of what had felt like non-stop, exhaustive work to bring about the changes that Bulut believed the organization needed to make the difference and improve workplace efficiencies, she was beginning to feel frustrated and doubted whether she really did have what it takes to be the change champion that the founders had tasked her to be. Unsure whether or not to continue, she knew she had just bought herself one more week to come up with a more effective and precise change management plan. However, she was unclear where to start, and so found herself reaching for her old university management textbooks, looking for inspiration before pinning down her new plans.

Dear Mr Keskin, Mr Usta, and Mr Kahveci

Please see the list of possible proposed Change Solutions for Blue&Green. I'll forward more detailed thoughts about these proposals shortly.

Regards, Neyla

Change Management Proposals

- Standardize the customer meeting reports and create a customer information database
- Create a permanent team for technical training for customers
- Personalize customer emails and phone calls
- Create an employee performance evaluation system
- Set formal employee training programs
- Assess employee satisfaction levels
- Create an employee feedback system
- Establish a key account management system
- Determine customer satisfaction levels
- Organize webinars on technical training of their products

Exhibit 1: Memo to the Founders:

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Ereuna Research – Ethical Dilemmas with Big Data Analytics

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This case is based on published sources and generalised experience. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors have disguised some identifying information to protect confidentiality.

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EREUNA RESEARCH – ETHICAL DILEMMAS WITH BIG DATA ANALYTICS

Ahmet Meraklı was used to finding himself in situations where difficult and often risky decisions had to be made. After all, speculation and risk were at the heart of the sector within which he operated, which saw some speculators reaping the rewards of risky choices, leaving behind more risk-averse competitors in a fast-changing sector. Working with big data would always be fraught with risk. Moreover, it seemed to Meraklı that there was no such thing as clear black and white – there were plenty of grey areas and blurred lines too! However, the blurred line which he was now examining left him with a dilemma. Should he continue to pursue the development of big data analytics for greater gain and risk the criticism of those who challenge his actions on ethical grounds? Alternatively, was it time to take stock of the situation and put in place a more risk-averse response to safeguard his company's future reputation? With the latest updates on Turkish Personal Data Protection Law ready to be reviewed on his desk, he knew that a difficult decision had to be made.

In October 2015, Ahmet Meraklı, economist and founder of Ereuna Research, brokered a strategic partnership with a promising start-up, Future Data. In recent years, Ereuna had become increasingly popular, and by 2015 it was regarded as one of the most widely trusted research companies in Turkey.

After ten years of hard work, Meraklı had taken the company from nothing to become an accomplished sector leader. However, Ereuna needed to adapt to changing market demands, and Meraklı was keen to diversify Ereuna's activities into cutting-edge research areas. As a priority, Ereuna was looking for a way to integrate large volumes of data generated through social networks into analytical opportunities. Thanks to its popularity, Meraklı's company was highly capable of accomplishing the early stages of data processing – including data collection, preparation, and input – and yet they lacked the cutting-edge know-how necessary for the later stages – data processing, output and interpretation. To fill this gap, Meraklı decided to form a strategic partnership with a company with expertise in this field, and Future Data appeared to be the most suitable one.

Future Data was a small start-up founded by Dr Elif Budak. Budak, a data scientist, with a PhD in computer science, was a full-time faculty member of a computer science department in one of Turkey's leading universities. She took advantage of market insights and her knowledge of data analytics and founded Future Data in her time. The start-up enabled her in order to conduct massive data-intensive research which also informed her academic studies. Future Data focused on all forms of public big data and developed opportunities to process this big data to predict people's social trends and behaviours. A partnership with Ereuna would be valuable for Future Data since Ereuna had the volume and labour required for getting big data ready for Future Data's analysis. Having their servers as an established company, Ereuna was capable of providing storage opportunity, which was quite essential for big data studies.

So, in late October 2015, contracts were signed, and the partnership was launched. The first four months of the partnership were spent building a framework for future joint projects. In February 2016, Ereuna and Future Data launched their first project, which was designed to be built by Future Data. The project was the first concrete attempt by Future Data to implement massive social network data analysis that could be processed to predict young individuals' buying preferences. Ereuna willingly agreed to prepare the data – which would include cleaning the data, constructing data sets, and pre-processing them – and then to convert the data into a machine-readable form. Accordingly, it was agreed that Future Data and Ereuna would work on two large datasets: (i) the public data available on a new social media platform, which had recently become quite popular among university students; (ii) a large dataset addressing the consumption behaviours of students of Budak's university. The latter data set was provided to Budak by her university as part of another research project which involved designing the future of their campus. In addition to its original intended use, Budak then had this dataset anonymised by Future Data. This way, she thought she could make the data available for a second purpose without sharing any private information of the students. To Burak, this would meet the requirements stated in the Informed Consent Form, mandated by the Human Subjects Ethics Committee and signed and approved by the participants of the questionnaire. The consent form stated the following:

“Participation to this survey is solely on a voluntary basis. Participants are free to withdraw any time or leave any question blank. Data collected from the

participants will be kept strictly confidential. Data and personal identifying information will not be matched under any circumstances. The researchers will only access collected data. The outcomes of this research can be utilised in scientific and professional publications or for education purpose. In all circumstances, identities of participants will be kept anonymous and confidential.”

On the other hand, the data collected from the popular social media platform included a fair amount of individual member information. While this information could be used for identification purposes by the project researchers, as the data was already public, Budak saw no compelling reason to anonymise it for use on this project. By combining these two data sets, Budak intended to capture metrics that could make a significant initial impact in the field.

Things worked even better than both companies expected. By November 2016, they started to evaluate the initial outcome of their project, and the signs were highly promising. The social network data made it possible for them to trace the mood and emotions of the young community, which even by itself represented significant value. Also, through data mining techniques, the anonymised data of the university students were analysed to find a correlation between the mood of the students and their consumption behaviour. The initial outcome was positive: students’ buying preferences varied significantly during certain periods such as *finals week* and the *spring fest*. The next step, which would be accomplished by Ereuna, was to design a research tool that could test the findings in the market. Confident of the likely impact of this research, Meraklı had already started talks with potential buyers of such information. Even at this early stage, there was a surprisingly high level of interest. Meanwhile, Budak was excited for another reason. She had drafts for two academic articles addressing their findings, which had also been accepted for presentation at two significant international conferences. By the end of 2016, both parties were optimistic about the opportunities that 2017 would bring.

Budak wasted no time preparing and submitting her two articles, which were sent to two top-level academic journals. Given their findings, she was almost certain of being accepted for publication. In April 2017 Budak also delivered her first conference presentation, highlighting Ereuna as her key sponsor. The paper received a high level of interest. As a result, some researchers requested replication datasets from Budak. However, the

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researchers also noted that the use of these data sets generated some questions about the methodology, mainly concerning the ethical viability of the study. From Budak's perspective, the project was a product of her start-up which, unlike her university work, was free from the requirements of an ethical review board. Having reflected on the manner by which the data had been processed, she was sure that it was perfectly anonymised and that the participants of the study were not re-identifiable by any means. Nonetheless, some researchers still criticised Budak for using research-oriented data for a private sector project. According to these critics, the even full accomplishment of anonymisation would be insufficient to satisfy ethics regulations for this type of usage. Budak argued that the Informed Consent Form approved by the participants give her the right to transfer data. Besides, the research was completed by the regulations of the university's Human Subjects Ethics Committee.

As the impact of the discussion developed, Budak decided to address these critics and their concerns head-on by delivering a full explanation about the project and the articles she already submitted in another conference talk. During her presentation, she explicated what the project was all about and also mentioned the paper that she was working on, which was based on public data retrieved from a social media platform.

In response to questions about the ethical implications, Budak claimed that the recent Turkish Personal Data Protection Law gave her the right to use the publicised data. To further endorse this, she referred to Article 5, 2d of the Law stating:

"Personal data may be processed without obtaining the explicit consent of the data subject if the relevant information is revealed to the public by the data subject herself/himself (Article 5, 2d)."

However, her justification for the use of public data was far from convincing. She continued to receive even heavier criticism.

The critics' main argument was based on the premise that while the data subjects publicised their data for socialising and making new friends; it was subsequently used for a different purpose – forecasting the buying preferences – by Future Data. This second utilisation had not been knowingly permitted by the data subjects and therefore should require further



consent. As a consequence, Budak, who had expected to leave the conference with a resounding appreciation for her research, subsequently found herself to be the centre of a media-inflamed controversy, leading to calls from her Dean.

By the summer of 2017, Meraklı found himself becoming both increasingly excited and yet at the same time panicking about the impact of their ongoing research, which had supported the earlier findings of their joint project with Future Data. He was amazed at what the project on big data had enabled them to predict and achieve. However, increasing hostility to Budak's research was creating a dilemma for the partnership. Following all the criticism that Budak's conference talk had received, she was undecided whether or not to withdraw her articles. Concerned about the likely impact of Budak's actions on Ereuna's reputation, Meraklı found himself looking for alternative ways to secure his company's future. Should he ignore the critics and continue to work to promote the valuable findings of their joint project with Future Data? Or was it time to disassociate his company from its strategic partner? Meraklı was unsure what of doing next.

To Outsource or Insource?

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This case is based on field research data. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors have disguised some identifying information to protect confidentiality.

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TO OUTSOURCE OR INSOURCE?

Introduction

In September 2010 Vural, the IT manager of Çimsan, was awakened early in the morning by a phone call. The man at the other end was the office security guard, and he was calling to alert Vural that there was an alarm signal coming from the company's central system room. Vural jumped out of bed and checked the alarm messages on his phone. The system room had flooded.

Of the 14 system rooms at Çimsan, this was the largest. It contained the primary servers that ran the company's main business applications, such as SAP. All core business processes were dependent on these servers, including sales and dispatch. Their availability was crucial to Çimsan's daily operations.

When Vural arrived at the office, he saw that water was dripping from the ceiling – luckily not onto the servers but near to them, creating a pool of water under the raised floor. All systems were still operational.

Having established this, Vural knew that he had to move the central system servers to a safer place as soon as possible. He had wanted to do this earlier, but management had not agreed, as the move would have been too expensive. Luckily, the company was now in the midst of a strategic IT services outsourcing project, and moving the central system room to a professionally operated location was included within the scope of the project.

Çimsan was one of the largest cement producers in Turkey, an equal joint venture between Varsan Holding and GreenCement (Exhibit 1). Çimsan's IT services outsourcing project was set in motion in 2009 after an invitation made by Varsan Holding. Varsan Holding had started a strategic IT outsourcing initiative in May 2009 at its group level. The main goal of the project was to consolidate the IT teams, central system rooms and basic IT services of the companies under its umbrella, and to outsource them to a professional partner.



Case-Study Alliance

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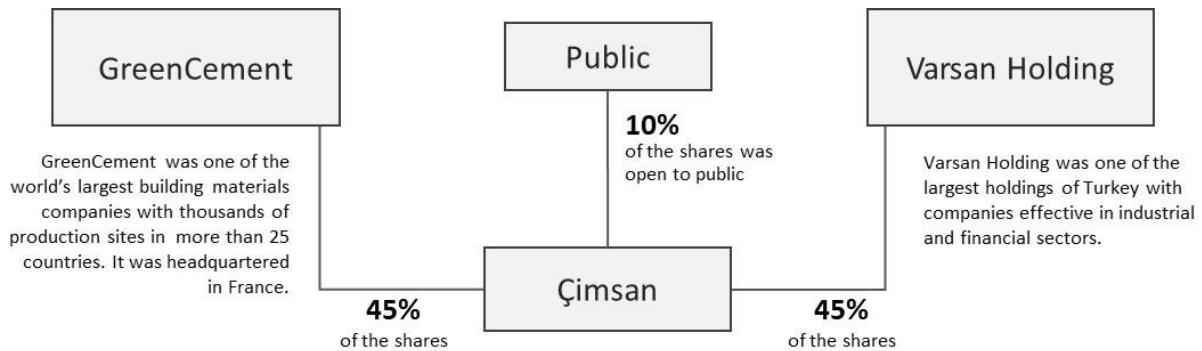


Exhibit 1: Shareholder structure of Çimsan

Varsan Holding had invited all the companies in its group, including Çimsan, to join this strategic IT transformation project. Çimsan was unique among all the participating companies in that it was the only one that had fully insourced IT services. All the other companies had already fully or partially outsourced their IT services to various third parties. Varsan Holding was trying to consolidate all of those services to a single supplier, raising and standardising quality and reducing costs.

Çimsan's general manager and CFO assigned Vural to be the project manager and asked him to analyse the outsourcing option. The services to be outsourced mainly composed of data centre operations, end-user help desk services (70 locations), network, security, and other similar technical IT-related services. Internal veteran employees of Çimsan provided all of these services.

The IT department at Çimsan was exceptionally successful in recovering its costs; an audit carried out early in 2010 showed that the cost-turnover ratio of IT services was 0.45% – one of the best performances among the companies in the Varsan Holding group. Also, customer surveys were showing high satisfaction levels.

Vural still believed the outsourcing option could be an opportunity for Çimsan; he had concerns about the current way of working. For example, there were reported audit issues related to central data centre operations, segregation of duties, etc. He knew there were also unreported risks, such as the dependence on a limited number of IT experts, who

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moreover were not specialists in any particular area. Furthermore, the IT department was structured in such a way that it could provide service only during business hours. Unexpected cases, such as those related to cement dispatch, often required them to work outside of office hours, causing difficulties for the department.

Even though outsourcing could reduce these operational risks, Vural was worried that his team would not accept it. After many years of working at Çimsan, they each played critical roles in the company's daily operational life. Some of them saw the outsourcing project as a threat because their payrolls would be transferred to another company over which they would have no control.

Potential objections did not come just from the IT team. End users – employees at Çimsan who used the IT services – did not want change, either. They were generally happy with the status quo and preferred face-to-face services delivered by local, familiar experts, rather than remote professional services given by a call centre. Functional managers were also not very fond of the outsourcing option, as services provided under a professional outsourcing contract with a third party would bring additional procedures and responsibilities for them, which they perceived as a burden. On top of these potential internal objections, Çimsan's other major shareholder, GreenCement, had cost-related concerns about the project. It took Çimsan some time to persuade GreenCement to give its conditional approval.

Vural was trying his best to get the support of all stakeholders to finalise the project as soon as possible. However, in December 2010, the Çimsan CFO received the following message from one of the board members of GreenCement, who was responsible for IT operations: "Based on the documents you provided, I am strongly against outsourcing, especially in this case". The CFO forwarded the email to Vural and asked for his opinion.

Background of Çimsan and its Major Shareholders

Çimsan was founded in 2004 as a result of the merger of two cement producing companies. In 2010 it was one of the largest cement producers in Turkey.

The company showed very good business performance successively for years. Throughout those years of high performance, the IT services had always played an important part in supporting the core business processes. The IT services portfolio was consistently growing,

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strengthening the integration of business and information technologies. Cement dispatch systems, port services, fleet management systems in concrete dispatching and the widely used SAP infrastructure in all business processes were all dependent on smooth, uninterrupted IT services.

In 2010 Çimsan was operating cement plants, cement terminals, concrete and aggregate plants at approximately 70 different locations, spread over different geographical regions of Turkey.

The total number of IT services users was close to 600; most of these users were based at headquarters and cement plants in different geographical locations. The remainder of the users were spread over the other locations. The number of users per location varied from 2 to 30.

One of Çimsan's two main shareholders, Varsan Holding, was a large holding in Turkey with companies effective in industrial and financial sectors. The other main shareholder, GreenCement, was one of the world's largest building materials companies, with thousands of production sites in more than 25 countries. It was headquartered in France.

Further Details about the Outsourcing Project

The main goals of the IT outsourcing initiative started by Varsan Holding were to create financial value, ensure transparency in IT services, improve service quality, achieve agility in supporting business and ensure sustainability.

Çimsan had already considered an outsourcing project in 2004, but decided not to go through with it at that time, because the IT infrastructure and the IT services climate had not been ready for outsourcing. There were structural problems with on-site system rooms (climatisation, security, electrical infrastructure, etc.), the servers were mainly physical, there were very limited configurational standards among those servers, and the applications running on those servers had some bugs. All of these issues had caused daily operational problems. The management at Çimsan had decided that a problematic environment would also create operational and cost risks when outsourced. Therefore, rather than outsourcing, the IT team started improving the infrastructure of the IT operational environment. Having

made significant improvements to its IT infrastructure, Çimsan was technically ready to take on an outsourcing opportunity in 2009.

The decision about whether or not to join Varsan Holding's initiative was an important one for Çimsan because if it accepted, the strategic outsourcing project would mean a downsizing of Çimsan's IT department; much of the team would be transferred to a third party. The initiative would also commit Çimsan to a 5-year contract; joining this project would, therefore, require the approval of Çimsan's board. As a project manager, Vural reported to the Chief Financial Officer (CFO) of Çimsan, Stead. Vural first got Stead's approval for the outsourcing, and together they then decided to carry out a feasibility study and to share the findings with Çimsan's general manager, Serdal.

In 2009, based on the feasibility study, Serdal decided to stand in favour of the outsourcing option. On the other hand, further steps in this project required approval from the other major shareholder, GreenCement. After some sessions with the Chief Information Officer (CIO) of GreenCement, it was clear that GreenCement had serious concerns about the costs. Negotiations took some time, and in the end, Çimsan managed to acquire conditional approval from GreenCement to join the project.

After reviewing all of the current in-house IT services, Çimsan management decided to outsource the following services to a third party:

- SAP Technical infrastructure (Basis) management;
- HW Operational & Maintenance services (PC, Notebook, Server, Local area network LAN -wide area network WAN devices, etc.);
- Communications management (LAN & WAN);
- Technical security management;
- IT End-user / Helpdesk services; and
- IT Projects management.

As of 2010, there were a total of 13 employees in Çimsan's IT department (Exhibit 2). The outsourcing project would mainly impact the technical team (grey boxes in Exhibit 2). Throughout Çimsan's history, its IT services had always been provided internally. The average seniority of the technical team was 16 years. Long years of experience in Çimsan

gave them the opportunity to gain expertise in different areas of IT. The team supported around 600 users at 70 locations and managed approximately 45 physical and 90 virtual servers, operated in 14 different system rooms.

The Project Management Office (PMO) team (5 employees) was mainly focused on business processes and related projects, and they were excluded from the outsourcing project.

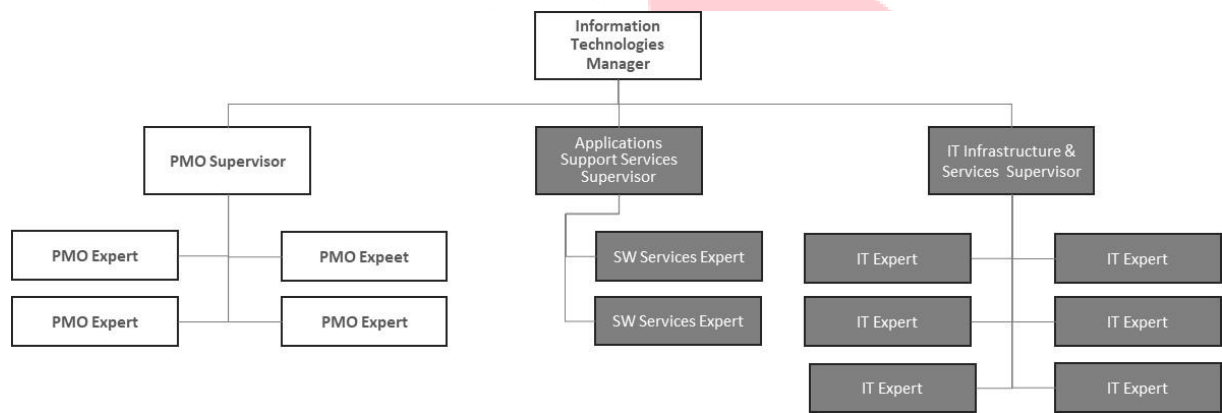


Exhibit 2: Çimsan's IT department organisation in 2010

The project was structured in three phases:

- **1st phase - Inception:** To carry out the feasibility study of the outsourcing option, select the potential partner who would supply the outsourcing services, and gain initial approval from management.
- **2nd phase - Development:** To prepare the outsourcing contract with the partner and gain the final approval of management.
- **3rd phase - Implementation:** To sign the contract, transfer the IT personnel of Çimsan to the payroll of the partner, and adapt the related services to the new structure.

In 2009, with the coordination of Varsan Holding, a project team was established at the group level. Vural was also a member of this team. AS-IS analyses of the IT services were carried out for the group companies that had chosen to join the project, including Çimsan.

Among the major IT service companies in the market, the project team decided to carry out the due diligence process with only two major international companies.

During the first half of 2010, other Varsan Group companies, two potential suppliers and Çimsan showed great effort in defining the requirements, the scope and all the other important aspects for achieving the best version of a final offer. Technical infrastructure, assets, human resources and all related financial aspects were considered, and Çimsan's AS-IS and TO-BE cases were analysed. Based on the data gathered and the tenders received, in June 2010 Varsan Group asked each company for their final approval to join the project.

The Çimsan project team started preparing the final analysis for the board's decision. In the meantime, the project was progressing at the group level. In October 2010, the down selection was completed, and Varsan Holding selected the potential partner of the outsourcing project.

Making a sound analysis of the choices required having an objective review of the past and a clear forecast of the future. Çimsan's business performance had increased continuously over the past years. A growing number of plants in recent years was also a clear indication of the company's good performance. This change was influencing IT services and forcing the IT team to improve their efficiency and effectiveness. The number of employees in the IT department, the number of plants, and ICT cost-turnover ratio was reviewed for the previous eight years (Exhibit 3). The number of production sites was growing, mainly in ready-mix concrete (RMC) plants. There were also new aggregate plants and cement terminals, and one cement plant was acquired in 2007.

	2003	2004	2005	2006	2007	2008	2009	2010
Number of IT Employees	15	15	15	14	14	15	15	14
Total number of plants	29	32	28	31	35	41	42	49
ICT Cost Ratio to Turnover	0,96%	0,73%	0,61%	0,42%	0,35%	0,33%	0,42%	0,45%

Exhibit 3: Evolution of some figures in Çimsan for the eight years before 2011.

A feasibility study of the outsourcing option was carried out based on a 5-year projection. The Çimsan project team analysed three options and presented the following findings to Çimsan management (Exhibit 4):

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- 1. Continuing AS-IS structure:** IT services would be provided during the successive five years without any changes or improvements. Investments would be limited to necessary maintenance and replacement activities.
- 2. Continuing AS-IS structure with improvements:** IT experts would remain employed by the company. IT service organisation and its related infrastructure would be improved according to business requirements.
- 3. Outsourcing:** Outsourcing IT services would be based on a 5-year contract, transferring the IT team to a third party.

	As-Is	In-House (Improved)	Outsourced
Payroll	7.700	8.680	4.480
Services	4.060	4.900	9.520
Administrative	420	420	140
Office space -rent	280	280	280
Electricity (Systems rooms)	700	700	280
Depreciation	2.520	2.800	1.820
Total	15.680	17.780	16.520

Exhibit 4: Financial analysis of the options for five years (in 1,000 USD).

Conclusion

As of December 2010, the conditions of outsourcing and the details of the contract were close to being finalised, and only a few contractual issues between Varsan Holding and the supplier remained to be solved. The next step for Çimsan was to develop the company-specific version of the contract and to gain the board's approval to start the implementation.

Vural was trying to manage the engagements of the major stakeholders, as well as the operational tasks of the project, to ensure that Çimsan would receive the expected value from the project. At this stage, a clear and positive message from the board member of

GreenCement was critical, as the agreement at the shareholder level was a prerequisite for the successful completion of the project.

The selected supplier happened to be the one that GreenCement had worked with on preparing for an outsourcing project in 2005. However, after a major change in GreenCement's top management level soon after the contract was signed, that outsourcing project had been cancelled. The new management team, including the new CEO, CFO and CIO, who was still the core of the board, firmly believed that an outsourced service model would significantly increase operational costs. They also believed that an outsourced IT organisation would be rigid and would not easily be able to accommodate changes. They feared that outsourcing was a one-way road and that once they had outsourced, they would be dependent on the supplier.

The email from GreenCement which said that they were strongly opposed to outsourcing took Vural and Çimsan's management by surprise. Once they got over the shock, they realised that they were facing a major setback that had to be resolved quickly. Any delays would impact the daily operations of IT as well as the 19 ongoing business projects that required IT support.

Çimsan's general manager and the CFO turned to Vural and asked him, "What are our options now?"

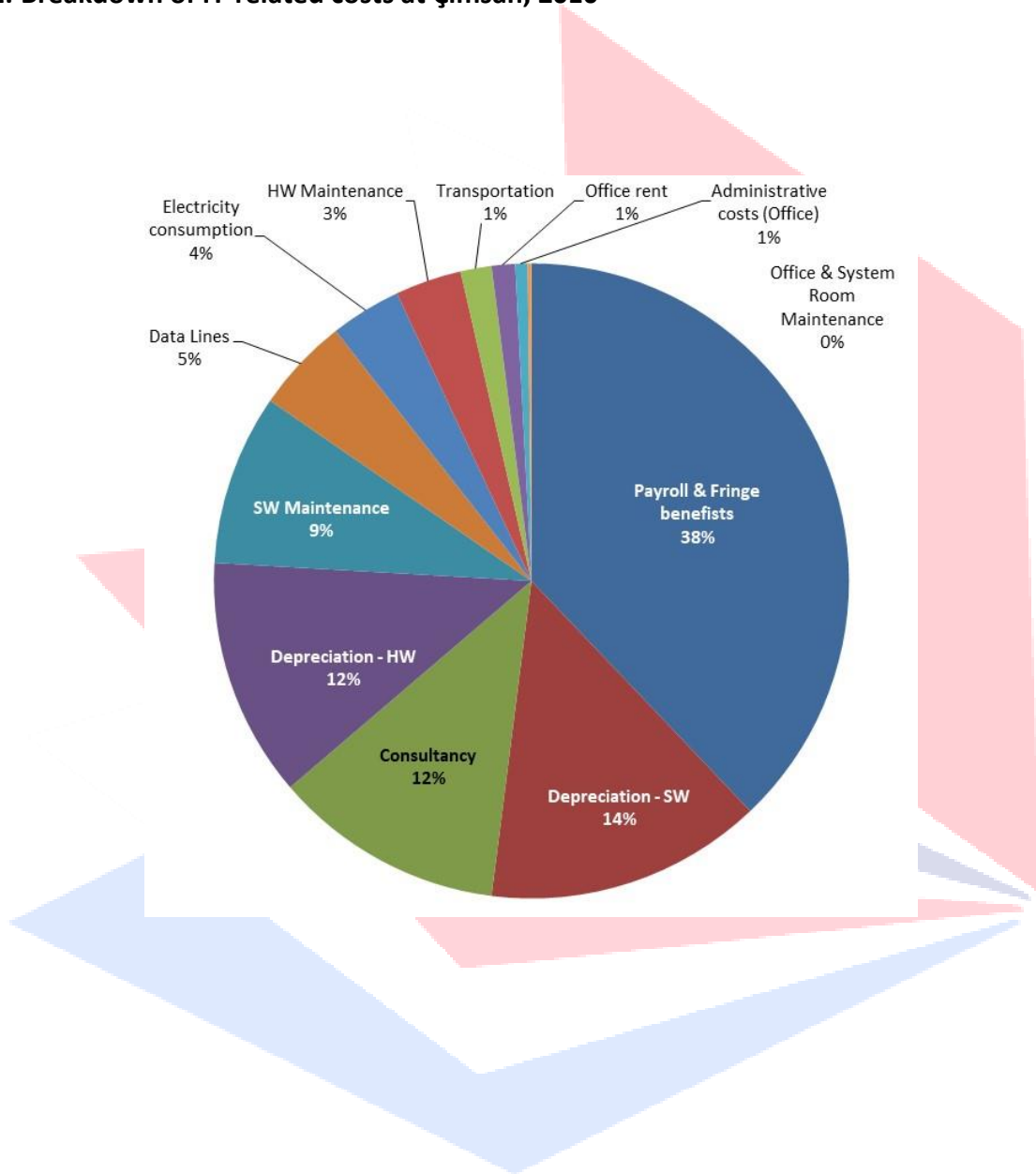
It was a tough situation for Vural. He had to decide between two options:

1. Try to change the view of the GreenCement management and move forward with the same outsourcing model; or
2. Continue with the insourced model and make improvements.

At the same time, Varsan Holding was pressing them to jump on board and finalise the project. What should Vural do?

Appendices

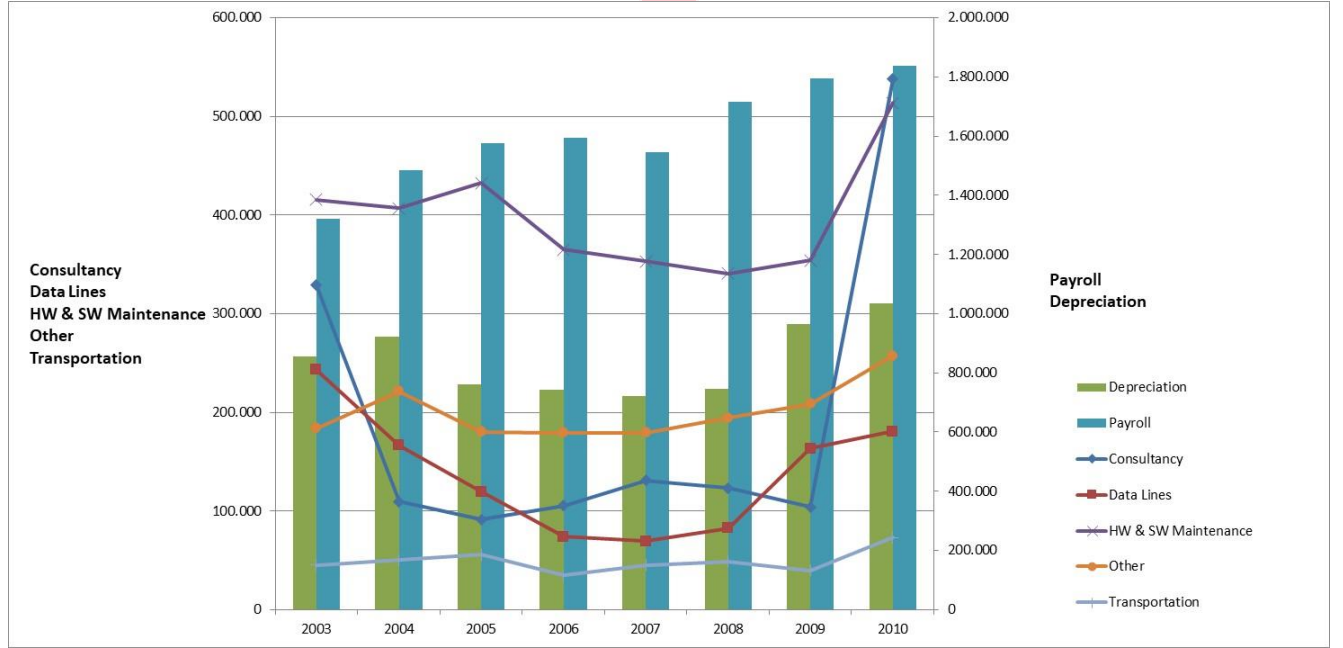
1.1. Breakdown of IT-related costs at Çimsan, 2010



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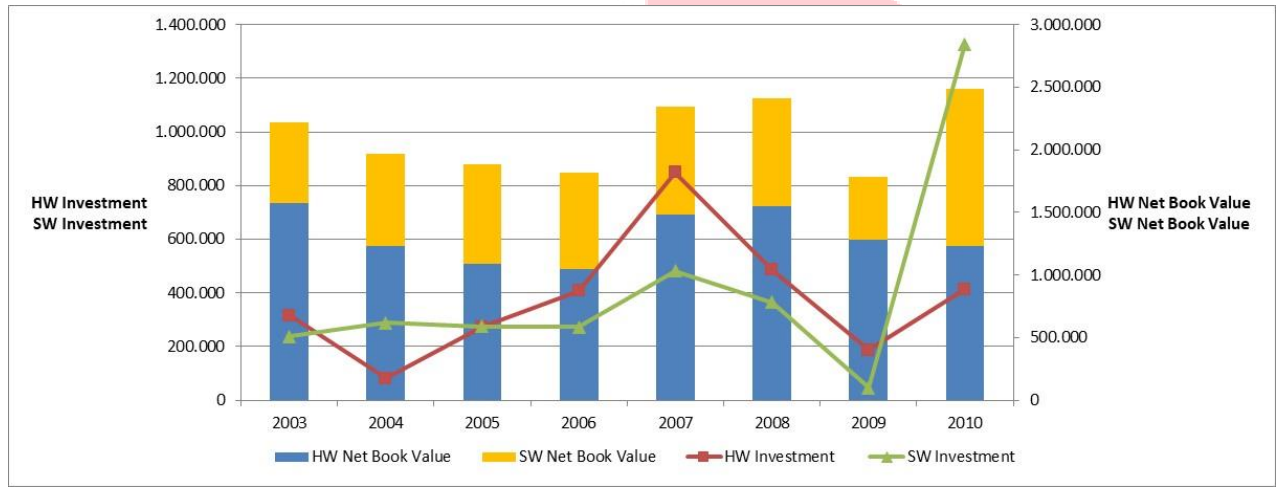
1.2. Evolution of IT-related costs at Çimsan, 2003-2010



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1.3. Evolution of IT-related investments and asset values at Çimsan, 2003-2010

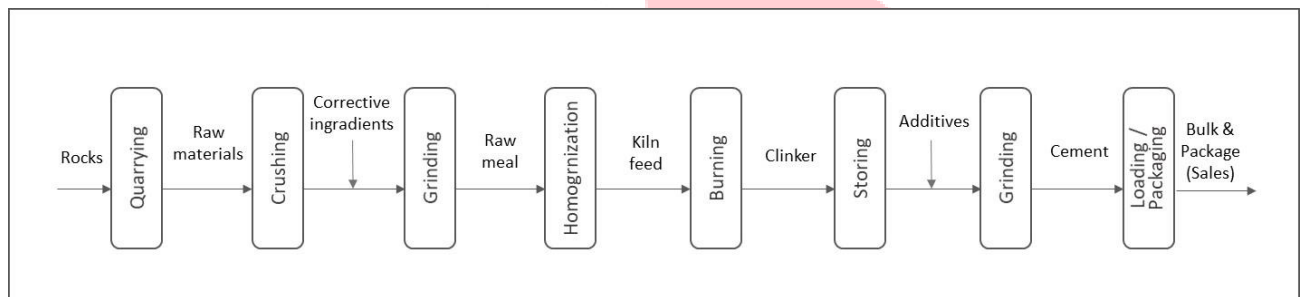


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1.4. Main characteristics of the cement industry and the manufacturing process

Cement is a basic building material in civil engineering construction. The raw materials needed to produce cement are won from quarries and are generally extracted from limestone rock, chalk, shale or clay. The production process is summarised in the figure below.



The cement industry is one of the most capital-intensive industries in the world, and the process is very energy-intensive. Land transportation costs are significant, and therefore logistics is important in the cement industry. On the other hand, bulk shipping makes it feasible to reach overseas markets. The industry faces challenges in the environmental arena, and companies try to control emission levels and energy consumption.

In recent years, core cement production processes experienced minor changes. On the other hand, IT was applied extensively in this business, significantly improving the industry's logistics and business-related processes.

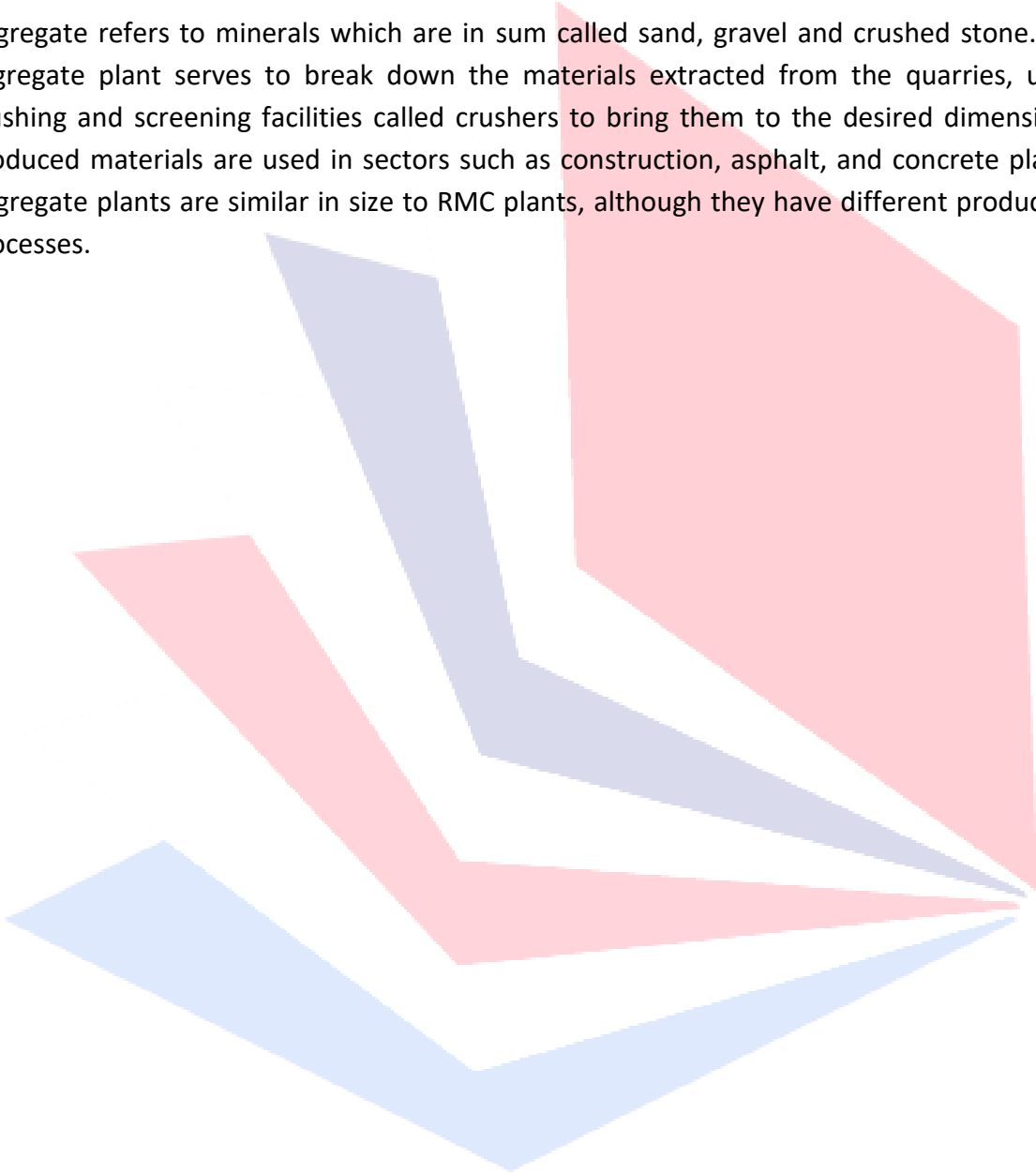
Ready-mix concrete (RMC) is a mixture of cement, water and aggregates: sand, gravel, or crushed stone. RMC is one of the major inputs of the construction business and is specifically manufactured for customers' construction projects. RMC is a logistics operation rather than a production process. For any RMC plant, delivering and satisfying demand at the right time, to the right place and in the right quantity, all while maintaining the required quality of the product, is essential.

RMC plants are small compared to cement plants. Constructing and even moving a plant is comparatively easy. Aside from the drivers of the RMC trucks, these plants can be operated



by just a few people. RMC business processes have become dependent on IT systems; therefore smooth, sustainable IT services are crucial in RMC operations.

Aggregate refers to minerals which are in sum called sand, gravel and crushed stone. The aggregate plant serves to break down the materials extracted from the quarries, using crushing and screening facilities called crushers to bring them to the desired dimensions. Produced materials are used in sectors such as construction, asphalt, and concrete plants. Aggregate plants are similar in size to RMC plants, although they have different production processes.



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When Diversity Management Meets Diversity

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This case is based on a generalised experience. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors have disguised some identifying information to protect confidentiality.

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WHEN DIVERSITY MANAGEMENT MEETS DIVERSITY

Irmak's Thailand flight had just arrived at Istanbul in the early morning of March 2018. She finally went out of the airport and took a deep breath. Thailand is quite possibly the land where dreams come true. She had realized her big dream there, and now she wanted to continue this dream in her home with her family, friends and job, as she was used to. When she got into the taxi, she had a chance to check her make-up and her hair. She examined her face in her mirror. She loved her long dark-brown hair, her long curly eyelashes, the way her lipstick looked. She loved being a woman. She had always felt that way, and now she thought "I finally had the courage to be myself". At that moment she met the gaze of the taxi driver, watching her. She was getting irritated with this kind of look; strange, judging--but she was learning to keep herself in check day by day. Besides, she counted herself very lucky because her mother and some of her true friends were her best supporters during her transition process. Moreover, how lucky she was to be working for ABC Company, which respected all kinds of diversity.

After graduating from Boğaziçi University, she received a master's degree in corporate communications in London and ABC was the first company that she started working for. She had been working there for six years and had been in the ABC Spain office for a two-year project. Upon her return, she was made responsible for the external communications and public relations of the company. There was a great fit between her characteristics and her job. She knew she had a special gift that enabled her to communicate with people very easily and impress them when she wanted to. She liked thinking out of the box and had fun at work.

She had heard many times from her bosses a statement like "whenever we get stuck, you come up with a brilliant idea!" She had done a lot for this company. She had been in the manager candidate pool for the past three years, completed all the necessary training and certifications, and now she was about to get a promotion to the position of Public Relations Manager. She believed there would be a huge transformation in her life. Her new position and her new identity...Everyone already sensed that she was different somehow; however, she had not told anyone in the office about her sex reassignment operation as she felt her courage might be shocking for them. She always liked to surprise people anyway. She

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imagined what it would be like to step in the ABC doors Monday morning and tried to stay calm.

Background of ABC

Founded in 1956, ABC was a US-based multinational company in the pharmaceutical industry with offices in 96 countries and more than 70.000 employees. In 2011 the company launched a diversity project as part of their strategic plan, Vision 20201. This project was taking the company's non-discrimination policy -towards gender, age, race, religion, sexual orientation, and disability- one step further. The aim of the project was announced as 'fostering diversity' to gain a competitive advantage. At the kick-off meeting, the CEO stated:

"We are aware that companies with more diversity are likely to be more creative, productive, and can grow. I also believe that innovation is critical in the pharmaceutical industry and that diversity stimulates innovation. We need diverse ideas and approaches; we can learn a great deal from diversity. So, from now on, we will support and set 'diversity as a strategic priority'".

Diversity as a source of competitive advantage became one of the core values of ABC, and diversity was seen as essential to achieving business goals and success. Diversity projects with the slogan 'Diversity are our strength' were put into practice by the end of 2012 in all ABC subsidiaries, including Turkey. With this commitment, the company defined its three diversity pillars as gender, culture, and age. The company set specific targets, particularly for cultural and gender diversity, regarding recruitment and career development. In all subsidiaries, a diversity team was created, and a diversity leader was assigned to carry out the project and realize the targets. Also, starting from June 2013, every first week of June ABC organised a 'Diversity Week' in all its subsidiaries to generate awareness and celebrate diversity.

ABC also published a 'Diversity and Inclusion Report' to declare its diversity approach and progress every year. By 2017, ABC received some awards related to its inclusive leadership behaviours and gender diversity practices. In addition to these achievements, from 2014

¹ Details can be found in Exhibit 1.

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onwards, ABC was included in the 'Top 50 companies for diversity' rankings of 'Diversity Inc.', which ranks more than 1800 companies based on empirical data related to their diversity efforts. In its global conference, the CEO of ABC declared that he was proud of the role diversity played in the company's success.

Back to Work

On Monday morning, Irmak arrived at her office after four weeks' annual leave. She was very excited and was dying to see the reactions of her colleagues, and especially of her director. After all, she had gone through a big change, and the reactions of the others would matter. She entered the office, clocked in, got on the elevator and arrived at her department floor. The first person she came across was the department assistant, Eda, who greeted her with a 'Welcome, how can I help you?' Irmak looked into Eda's eyes and smiled. 'Good morning, Eda, I will be at my desk'. Hearing her name with a familiar tone, Eda stood up with a shocked face and watched the woman walking with decisive steps towards her desk, and called out "Onur???" Onur's answer to the confused and curious faces was short and simple: 'Hello everybody, I'm back, you can call me 'Irmak' from now on'.

The return of Onur as Irmak became the very hot issue of that morning in the public relations department. After a short while, the PR manager called Irmak into his office to hear what was going on firsthand. Meanwhile, all the office employees were chatting about Irmak. Some of them were not that surprised about the situation considering her sexual orientation, which they had already sensed. However, the comments varied.

- "I don't know how to act with her. It will be very difficult to get used to this situation. She is not a normal person anymore; she is trans. She is not like us anymore."

"It's a bit much! I don't want to sit next to him or her, whatever. I will request for a desk change. I don't want to be close to her."

- "Don't be so rigid. She is still our friend; she is still the same person."

- "Sorry but I don't think so. Look at her; she wears a dress, puts makeup on and even has a new name now. How can you say she is still the same person?"

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At another corner, there was another group of people making fun of Irmak's appearance, joking about what they would look like if they became women. When Irmak returned to her desk after her meeting with her director, the office fell silent. One of her best friends, Defne, approached her and congratulated her on her courage. However, Defne also expressed concerns about the next steps and asked Irmak about their director's reaction. Irmak seemed decisive in her response.

"Naturally he wasn't too pleased with the situation, but if diversity is accepted as a strength and if inclusion is a value of this company, this shouldn't be a problem. When I was in ABC's Spanish plant, I saw similar situations, and they didn't cause any issues in the company. I just explained all these to our director. I hope he will stand by me. Otherwise, this company will lose me, and I will pursue a legal remedy."

When this conversation was going on between Irmak and her friend, their director was talking with the HR manager.

HR manager:

"I understand your concern, but I don't have the answers. This is a first in the history of ABC Turkey, and unfortunately, we are not prepared for this kind of situation. As you know, our diversity model consists of three pillars; gender, culture, and age; we don't have an emphasis on sexual orientation in our diversity management process. Of course, it is important from an inclusion viewpoint, but sexual orientation is a very sensitive issue. ABC Headquarters set general strategic targets about diversity management and let subsidiaries take the initiative in implementation and details. For example, some other ABC subsidiaries such as Spain also put sexual orientation topics in their policies. However, we don't have any policy about sexual orientation here at ABC Turkey. I think we should discuss it with the diversity management team."

On Tuesday, a meeting organised by the HR department with the diversity team was held to go over this unexpected situation.

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Marketing Manager (male):

“I’m still in shock. I was, of course, aware of his situation; I mean he was always a bit feminine, and it was not a problem. What he has done is very radical. I know that we have a diversity project, but sexual orientation is not one of our diversity pillars. We don’t have to accept this. ABC Headquarters gives us the final say.”

HR Manager (female):

“Yes, sure, our policies may differ from other subsidiaries, and we can explain our stance to ABC headquarters. However, when talking about diversity, should it matter what the diversity dimension is about? I mean, it may be gender, it may be culture, and as is the case here, it may be sexual orientation. If we respect diversity and accept inclusion as an approach, we should accept all kinds of diversity. It is not just a project on a piece of paper; it should be a mindset, shouldn’t it?”

Sales Manager (male):

“Sorry but this is not the kind of diversity that will add value to us. This may do more harm than good to the company. I think Onur, sorry Irmak, just wants to attract attention in a very stupid way. He should have shared his idea with his manager before he had the operation done. I think he will deal with the consequences of his action from now on. He doesn’t think he’ll continue to eat with us at lunch breaks, right? If he thinks so, I’m not in--I don’t want to be seen together with a trans! What he did does not fit my values. I am sorry, but we are not living in the Netherlands; we are not in the US. We are living in a country where 98 per cent of the population is Muslim. The headquarters’ approach may be inclusive, but that’s not the way the work environment is like here in Turkey.

Production Engineer (male):

“I agree with you. Don’t you watch the news? The rhetoric towards the LGBT2 community is perfectly clear. Their pride march attempts last year received lots

² Lesbian, gay, bisexual, transgender.

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of negative reactions and criticism. Don't you remember the threatening statements?³ The government's⁴ view is also clear, in my opinion; they banned the gay pride march⁵. The perceptions and attitudes towards LGBTs are always a problem in this country.

HR Associate (male):

"I also think so...Yes, we are a US company, but we are in Turkey. This week, lots of employees inquired whether we would continue to work with her or not. I mean, it's not so easy to accept things like this here. I don't want even to imagine the reactions of the clients. On the other hand, we have a commitment to diversity, which is an accepted as a strategic tool for ABC now, beyond just being fair. Handling the situation will be hard. Tough times await us; both inside and outside the company."

Purchasing Associate (female):

"Excuse me, but please remember how Zeki Müren and Bülent Ersoy⁶ were loved and welcomed in our society. We don't mind seeing them on TV; we enjoy their songs. However, we can't stand working with them face to face. Do you think this is fair?"

HR Manager (female):

"Ok, ok everyone, please calm down, and let's face the situation. Our employee of six years, Onur, had sex reassignment surgery and is back with a new identity, Irmak. Now we have a trans employee. You know we are conducting a diversity project and have an added diversity to our corporate values, albeit not explicitly including sexual orientation. Until now, sexual orientation was a topic that did not really require us to take the initiative. However, according to our diversity

³ Related news can be found in Exhibit 2.

⁴ Government: Justice and Development Party, conservative political party that came to power in Turkey in 2002.

⁵ Related news can be found in Exhibit 3.

⁶ Related information about the singers can be found in Exhibit 4.

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policy, we should act with an inclusive frame of mind, and corporate headquarters would also expect us to act in this way. Please remember that if we don't accept and manage this situation properly now, our diversity project will lose its trustworthiness. On the other hand, I'm aware of the sensitivity of the situation. In Turkey, we are not accustomed to such situations, and I know the risks involved. From your comments, I can guess the reactions of the other employees. It may also be difficult to explain the situation to our clients. Moreover, there is one more thing: You know Onur--or Irmak with her new name--was about to be promoted to Public Relations Manager. Considering the circumstances, I'm not sure about the timing. What do you think; shall we suspend the promotion?"

Exhibit 1: ABC's Diversity and Inclusion Approach

Our Commitment to Diversity

Diversity and inclusion are integrals part of ABC's culture.

In this regard, ABC is strongly committed to having and maintaining a diverse workforce. We focus on creating an awareness of diversity issues, providing a supportive and inclusive environment, and recruiting and retaining diverse employees. Their varied backgrounds, perspectives, skills, and experiences help us better understand the needs of diverse customers. We believe that a diverse workforce fosters different perspectives which will bring creativity, innovation, productivity, and capability to grow. We see diversity as the key to success.

Diversity is our strength!

Some of our Awards and Recognitions

Diversity Inc. Top 50 Companies for Diversity 2014-2017

Working Mother – 100 Best Companies 2015

Fortune: Best Workplaces for Diversity 2016

Our Values

Integrity

Future focus

Quality

Innovation

Responsibility and sustainability

Diversity

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Exhibit 2: Hürriyet Daily News, June 19 2017

Ultra-nationalist group threatens to block LGBT Pride March in Istanbul

ISTANBUL



The Alperen Hearths, an ultranationalist youth organization linked to right-wing nationalist Great Union Party (BBP), has threatened the LGBT Pride March set to take place on June 25 in Istanbul's Taksim Square, vowing to prevent the march from taking place.

"If the state allows it, we will not. We will not allow them to walk. Wherever they march, we'll also go. We will close down that street and they will not be able to go there. If we want, our numbers can reach 200,000," said the organization's Istanbul provincial head, Kürşat Mican.

Source: <http://www.hurriyetdailynews.com/ultra-nationalist-group-threatens-to-block-lgbt-pride-march-in-istanbul-114491>

Exhibit 3: Hürriyet Daily News, June 24 2017

Governor's Office bans LGBT Pride March in Istanbul

ISTANBUL



This file photo shows members of LGBT community marching on Taksim's İstiklal Street.

Istanbul Governor's Office has announced that it will not allow the LGBT Pride March, which was set to take place on June 25 in Istanbul's Taksim Square, citing security concerns and public order.

Source: <http://www.hurriyetdailynews.com/governors-office-bans-lgbt-pride-march-in-istanbul-114708>

Exhibit 4:

Zeki Müren (1931-1996) was a famous Turkish singer, composer, and actor. In his forty-five-year professional career Müren composed more than three hundred songs and made more than six hundred recordings. Many of Müren's records were also published in Greece, where he also enjoyed popularity, along with the U.S., Germany, Iran, and several other countries during the 1960s and 1970s. Although Müren never declared that he was gay, due to his distinct style (appearance, clothes, accessories, etc.) the general public opinion was in this way. He was celebrated as the “Sun of classical Turkish music” and was affectionately called “Pasha”. (**Source:** https://en.wikipedia.org/wiki/Zeki_Müren)



Bülent Ersoy (1952-) is a famous Turkish singer and actress. She sang more than two hundred songs and made many albums. Bülent Ersoy began her career as a male singer in the genre of Turkish classical music and gained international notoriety in 1981 after having sex reassignment surgery in London. She kept the name 'Bülent' even though it is a male name. After the operation, Ersoy's public performances were banned along with those of other transsexual and transgender people. In 1988, the Turkish Civil Code was revised so that those who completed sex reassignment surgery could apply for a pink or blue (pink for female, blue for male) identity card by which they were legally recognized in their new sex. Ersoy soon returned to singing and acting, becoming more popular as a woman than she had been as a man. She is called "abla," meaning "elder sister" by her fans as a sign of their total acceptance of her gender and celebrated as "Diva". She continues to perform in many TV shows. (Source: https://de.wikipedia.org/wiki/Bülent_Ersoy)



Effective ICT Integration Strategies in Schools: Should Teachers Integrate or Not Integrate?

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This case is based on a generalised experience. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors have disguised some identifying information to protect confidentiality.

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EFFECTIVE ICT INTEGRATION STRATEGIES IN SCHOOLS: SHOULD TEACHERS INTEGRATE OR NOT INTEGRATE?

Nil Maya was an expert in Information and Communication Technologies (ICT) integration, with a Master's degree in educational technology from a highly esteemed university. The EGEM Private Schools' Board of Directors hired her to supervise a schools' project entitled "Informatics Movement". The project aimed to strengthen existing ICT infrastructure in the school, to give each student a tablet and to promote effective use of ICT for teaching and learning. The project commenced under the oversight of the Board of Directors in the 2011-2012 academic year, as set out within the framework of "FATİH (Movement of Enhancing Opportunities and Improving Technology) Project" which was initiated by the Ministry of National Education (MoNE) in 2010.

Nil had to write a detailed report about the Project as the Board of Directors had asked her for an in-depth evaluation of the implementation of the Project. Nil conducted research across the EGEM Private Schools to inform her report. These schools were well-known, highly successful and included 15 schools in total. The first of these schools was originally established more than 20 years earlier. The Project was an initiative which sought to integrate ICT into teaching and to learn with the aim of supporting more effective learning processes. It had also been adopted as a principle for the EBA (an Educational Information Network which made social, educational content available for teachers and students). This application, offered by MoNE, and the technological possibilities that it offered to schools, were actively used by teachers in the classroom. Each school had been informed that the budget needed to be used to its optimal level and that they should take immediate steps to reach the targets determined within the scope of the project. Hence, the schools' directors were instructed to implement the Project in the first semester (from September to December 2011).

Director Ali Demir was a School Manager at one of these schools. The following April, Nil went to the school to evaluate what Ali and the teachers had achieved. Nil wanted to analyse what had been implemented by the school about the Project, and so she asked Ali to summarise what they did, and she noted his response:

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First, Ali tried to determine what needed to be done quickly by gathering the management of the school he was in charge of. It was determined that the ICT infrastructure of the school needed to be strengthened and the necessary hardware and software needs should be met. It was decided that each student should receive a tablet to support this plan. An agreement was reached with an IT firm for this purpose, and this goal has now been met (Oct 2011).

By the end of the fall semester (December 2011), the school's ICT infrastructure had been strengthened (internet speed, servers, network structure etc.), and hardware and software need for the schools were achieved, the existing two computer laboratories were renewed, and the tablets had been distributed to all students. At the beginning of the Spring term (January 2012), the Director held a meeting with the teachers to actively promote the use of ICT in their teaching plans and encourage their students to use them in their learning process. He even made a presentation about the project that had been initiated by the Board of Directors and said that the use of ICT by teachers was a necessity and that this would be an important indicator regarding year-end performance appraisals.

Before she started to evaluate the school, Nil had decided to set up meetings with teachers to see the situation first hand, identifying teachers from different areas of the school as well as the deputy managers.

Nil conducted further interviews with other teachers randomly. Finally, she met Bensu, a teacher of information technology. She recorded notes from each interview:

First interview with Emel (She is 30 years old, Maths teacher)

Nil: Hi Emel. I am here to see what is going on with the Project. First, what do you want to say about the Project?

Emel: One day the School Principal held a meeting at the school and announced that the Executive Board had started an ICT project. Frankly speaking, we heard the project in this way. We were not asked if we would like to take part in such a project, ready for this, and what are our needs? This caused some resistance with the teachers. Maybe if the project had been introduced differently, it would be an easier and more agreeable transition. Some colleagues objected more directly. I tried to look at this issue more innovatively preferring to see it as an opportunity. I'd already been using technology in class before the project.

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Nil: What about the ICT facilities in the school?

Emel: I think that the ICT infrastructure of the school is very good. Actually, we have Internet access, our computers, and most of the other things that we'd need for an effective class session. There is no doubt about it; it's really good that technology was introduced to the school. In the past, I used to write on blackboards for hours, a really tiring, slow and boring work. Now that I am using PowerPoint slides, it is much more practical. I used to have to write the same thing over and over again in the classes, given that I used to teach the same syllabus, so I find the technology very useful in this regard.

Nil: Do you use ICT in the classroom?

Emel: I want to be honest. I like computers, the Internet etc. I believe that I have reasonably good ICT skills. I know ICT makes my life easier. However, when it comes to teaching, I confess I am a little confused. I can plan courses, give notes, prepare slides via office programs, that's all. So, I don't know how I can best use ICT facilities in my teaching in different and creative ways. Is it enough for teaching? I am not sure.

Nil: Why did you say that, Emel? Why are you not sure?

Emel: I use PowerPoint slides to talk about the subject and to show examples related to the subject, and then???

Nil: So, what do you need?

Emel: As I said at the beginning of our conversation, I do believe we need to analyse better what our needs are and whether we are ready for the implementation of this project. I like to use technology in my teaching, but when it comes to coercion, I get confused, so I am not sure I'm doing the right thing.

Nil: Do you support the continuation of the project?

Emel: It is clear that our administrators know what they're talking about. Yes, of course, I do because it's a corporate decision.

Nil: Ok. Thanks for sharing your thoughts.

The second interview was with Can (He is a 28-year-old, primary school teacher)

Nil: Hi Can. I am here to see what is going on with the Project. Firstly, I want to ask you what you think about the ICT facilities in the school?

Can: I think the ICT infrastructure of the school is very good, but not enough.

Nil: What else do you need?

Can: Hardware facilities are good, but software facilities are weak. There are many software programs in the market related to maths, science, history, geography etc. We could choose the best of them and then use them in the classroom. I think they help students to understand the subject. Moreover, also, we don't have any membership on educational websites. We can only use EBA. However, I know there are a lot of other opportunities on the web.

Nil: How do you use ICT in the classroom?

Can: For example, when I teach numbers, after presenting the subject, I open some musical videos online including numbers. My students learn numbers through singing. Then I use some online games. I also encourage my students to use IT to research different topics to gain more knowledge in their related subjects. They bring what they have found to the classroom, and we review new materials together. I only don't find presentation tools effective. It is necessary to use more student-oriented technologies that put the student right in the centre of their learning. For example, there is a colleague who has a class weblog in their school. From there, they give homework; they make the necessary announcements, they follow the students' homework. But, I don't know how such an environment is established and managed.

Nil: Very well. Is there any hindrance you encounter about the Project?

Can: The prejudices of my colleagues are very evident. They sometimes look like blaming me for increasing their workloads. This is because it is unclear how the performance appraisal results will be reflected at the end of the year. Even so, I like improving myself professionally. I like learning new things on my own and dealing with technology which helps me find new ideas. But I have few colleagues with whom I can share this passion.

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Maybe, it would be better for school management to support them with in-service training rather than just pushing them. Then there is a situation in ICT administration as well; we're often unclear how it should be best used. They say we've invested a lot, and that we need to catch-up with the 21st century. However, does this really work? Does it even fit the subject area? Moreover, are students really satisfied with resources? I think, before this innovation was introduced, the ideas of the stakeholders had to be heard, and a common vision had to be agreed upon. Now what happens in classes is that some teachers do not even open it when the door closes.

Nil: So how do you think the school should follow-up on this?

Can: I think the school should develop a more gradual policy. Teachers have to be trained first. This training should focus both on how to prepare us from the technical side and how to use it more effectively in lessons. Once the teachers are ready, then they can move onto the annual and monthly plans. I think that if this process were adopted more, then all the teachers would contribute better to the ethos of this project.

Nil: Ok. Thanks for your sharing.

The third interview was with Rıza (He is a 50-year-old, geography teacher)

Nil: Hi Rıza. I am here to see how you are getting on with the Project. First, I want to ask you that what you think about the ICT facilities in the school?

Rıza: The school management has renewed all the ICT infrastructure at the school. It is all new but hard.

Nil: What do you mean by "hard"?

Rıza: I am not familiar with this technology, and I find it difficult to adapt to such innovations. There is a smart board in class, but I'm afraid of using it. It is a new thing and using it feels very different from the blackboard. I find all of the new technology at the school hard to use and too complex.

Nil: Have you attempted to use ICT in the classroom?

Rıza: I don't use technology; I don't think it's necessary. When I went to school, our teachers used Blackboards, and it worked for us. Surely it's more important to help students to learn the basics of the subject. Maybe technology can be used to enhance the learning experience once they've learnt the basics.

Nil: Ok. So, do you think you'll be using ICT in the future?

Rıza: As the subject matter is social sciences, the lesson has to be based on narrative. Of course, we have discussions and incorporate other teaching methods. These technologies seem to me to be more useful for subjects like maths and science, but they're not very suitable for social sciences. At least I'm not sure what I can do with ICT in my field.

Nil: So you're not thinking about using it?

Rıza: Maybe, maybe not. Although we want to use it, we don't know how to use it. It is very difficult for me to use because there are no guidelines or teacher guidebooks to help me. I find using ICT in the classroom too complex, and I'm afraid my students will make fun of me if I can't use it appropriately. If there's some in-service training related to ICT use, then maybe I could be persuaded to use it.

Nil: Ok. Thanks for sharing.

Fourth interview with Tamer (He is a 40-year-old, science teacher)

Nil: Hi. I am here to explore the progress of the ICT project that started in your school. How is it going?

Tamer: I guess I'm a bit cautious. I feel like I'm caught somewhere between my colleagues who are struggling to do something with the project and my friends who are more willing to have a go. I've seen both sides, and I'm trying to make a decision, but for now, I have at least tried to make an effort, to the best of my ability.

Nil: How so? Do you use technology in the classroom?

Tamer: I want to use technology in class, but my big problem is time. We are always in a hurry trying to get through the curriculum in time. It feels impossible to find even more time

to start doing things with technology as well. So, I usually tend to give something related to technology as homework. Sometimes I give them research assignments, but it's always a push, and often it's something that's taken from the same website on the Internet. I don't know how better to prepare such ICT assignments in a way that will both enhance their creativities and enable them to do research.

Nil: Have you been able to get any help with this?

Tamer: The resources available for technical support at the school are obviously quite good. We can call the ICT coordinator when something isn't working or when we can't connect to the Internet. He also comes immediately; however, sometimes even he can't solve the problem. However, I haven't asked for help with ICT training yet.

Nil: Is there a specific reason for this?

Tamer: There has been no clear position at the school stating what's expected of us in how we should use technology or how to use it in lessons. The school still tends to focus more on the academic success of its students. So, I do not know if I should focus more on technology or if I should be focusing on resolving more questions to help prepare students for exams.

Nil: Well, thank you.

Fifth interview with Ayşe (She is a 45-year-old, literature teacher)

Nil: Hi. I am here to explore the situation with the ongoing ICT project at school. What can you tell me about it?

Ayşe: Obviously I have doubts about the project. I have not had a chance to observe the results yet because it's still quite new. I'm not sure whether your goal is just to see that technology has been placed in all classes. I can see that my friends in school are also suspicious. Everyone is treating it. Differently, everyone is doing a different thing based on whatever he or she can understand. A consensus on its use hasn't emerged yet. Of course, I don't normally see what my other friends are doing in class.

Nil: I think it would be important for you to see how others have used it. What do you think?

Ayşe: Well my colleagues were talking about this in the teachers' room, they often talk about what they did in class. The other day, one of them said he was preparing presentations, another recently said he downloaded a video from the Internet. I can see that the majority are starting to do something with ICT at least. So, after that, I started experimenting.

Nil: What have you done so far?

Ayşe: I haven't done much. I continue to use traditional teaching methods. I just used an online chat program to help keep track of my students.

Nil: To keep track? How? Do you ask your students about their homework?

Ayşe: No, every night I sign in to the program, then I ensure the parents are aware of my use of the online program with the students. I might even let them know if I think the students are too busy surfing the internet and encourage them to direct the student towards their study".

Nil: So would you say this is putting ICT to educational use?

Ayşe: Hmmm, I don't know. I have no experience or training related to ICT use in teaching. So, I just use it as I understand it.

Nil: I see. So, what about ICT usage in teaching? For example, have you given any assignments to your students which can be prepared via ICT? Have your students explored any online network-related literature with your guidance?

Ayşe: I have been teaching literature since 1990. I think I am a successful teacher. At the moment I'm not getting any support or assistance with using technology in lessons. So, if I'm honest, it feels like the drive to use technology is a complete waste of time for me. If I have to put everything in my mind into an electronic device first, I am going to need more time to prepare this as well as to teach with it.

Nil: So, Can I say that you were reluctant to join this Project?

Ayşe: I wouldn't want to put it like that. I'm just not ready, and I am so busy. Also, it's not clear to me whether I should use technology before class, in class or whether it should be given as homework. Obviously, there is no clear approach.

Nil: What do you mean by approach? What do you want?

Ayşe: Well let's say I have a project that requires students to use ICT. I will need to have some form of the rubric for evaluating this project; I cannot simply find that on the Internet, frankly. Developing a rubric is going to be another time-consuming problem, requiring further expertise.

Nil: I understand. Thank you for sharing.

Sixth Interview with Bensu (She is a 25-year-old, ICT teacher)

Nil: Hi, Bensu, I am here to analyse the situation with the ICT Project. What do you want to tell me about it?

Bensu: Hi. Although I support the objective of the project, I don't support the way it's been initiated. If teachers are compelled to use ICT, I think it is important to encourage them to use it for the right purposes.

Nil: What is happening with the teachers right now? What are they doing to achieve the goals of the project?

Bensu: All teachers are striving to use ICT in their teaching approaches. However, the way that they choose to do this differs from teacher to teacher. I've seen that the use of ICT for the majority remains superficial. I think that teachers need more training about ICT integration and this needs to go beyond just basic ICT skills. I am convinced that such training would be more beneficial for them.

Nil: What kind of training should it be?

Bensu: Well so far, I have led a course on ICT at a relatively basic level in the school. Teachers at the school attended this course for two weeks after school. They really were very enthusiastic. Some of them didn't even have basic ICT skills. Some of them joined to

improve themselves, and most of the teachers were satisfied with the course. However, the course did not answer the question of how ICT should be used in lessons. There are differences between each teachers' perspective on this issue. Some find the use of ICT in lessons unnecessary, some do not know what to do even if they believe it should be used, and some use it but don't seem to be using it very well. Those teachers that do have a view on how it could be more effectively used, tend to keep their ideas to themselves.

Nil: What is your view on this situation?

Bensu: A lot of the teachers call me when they don't have Internet access or when the computer is broken. So far, none have requested help in how to use it for lesson planning or how to use the technology in classes.

Nil: Why is this?

Bensu: In my view, teachers need to choose and use ICT resources that enrich their teaching methods within their subject areas. However, so far, most teachers are focused on just making sure they can say they're using ICT. They do not know why, how, where, when, or which to use; and for whom. They do want me to give technical support, but that's not my job. I cannot focus on my lessons if I constantly have to deal with technical equipment failures or user problems. Remember, I'm supposed to be an ICT teacher. First, they need to develop their technical skills, and then we need to support them in ICT integration through in-service training.

Nil: So, how can you support the project?

Bensu: I can organise seminars to raise awareness for the teachers about the effective use of ICT in the learning and teaching processes. However, it will be important to explain that the use of ICT is not the goal in itself but a means to enrich student learning and the teaching process. However, the school administration will also need to support me. If the development of teachers' technical skills is a top priority, then the school management need to agree to prepare training and to set up a team to deal with the technical problems before, during and after the lessons.

Nil: Thank you Bensu. You are very kind.

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Nil also observed that when the contribution of the teachers to the project, their use of ICT in the classroom, and the encouraging of students to use ICT in the learning process etc. were included in performance appraisal, this situation had created an additional strain on the teachers.

Nil finally went to the school family to get parental assessments of the use of tablets. Almost all of the parents in the school family meeting room complained that they were reluctant for their students to adopt these tablets. One parent told Nil that they were afraid that their child might turn into a technology addict. Another said that he could not keep track of where his child was surfing on the Internet and that he was worried about his safety when he was on the Internet. Another parent said that he was competent in the use of technology, but he had ended up having to do everything himself because his child was not sufficiently ICT literate. Another parent said that her child only used her tablet for gaming. Nil found that most parents agreed that although the students were using the technology, most paid little attention to information security and the ethical responsibilities of working online with ICT.

Nil had to prepare a detailed report analysing the progress of the project and would need to include some thoughts about the prospects of the project for the Board of Directors. The Executive Board made it clear that they expected this report soon from Nil, stating that they consider it to be of great importance regarding ensuring the future sustainability of the Project and ensuring that it achieved the desired results. Nil knew that her findings, based on the data from these interviews, would be really important for the Board and that they ought to provide a context for the further future development of the project in other schools.



Contracting for the Unknown: Managing Turkcell's Agile Innovation Projects with Technology Partners

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This case is based on field research data. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors may have disguised some identifying information to protect confidentiality.

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CONTRACTING FOR THE UNKNOWN: MANAGING TURKCELL'S AGILE INNOVATION PROJECTS WITH TECHNOLOGY PARTNERS

Serkan Öztürk had to make many important decisions as a manager since he became Turkcell's new CIO several years ago. The awaiting decision on his desk that day at first seemed relatively less important: how to contract with one of their technology partners for the new "customer experience" project, and set it in motion. While Turkcell has worked with the partner in other projects and Öztürk trusted their competence, there are other products that can serve the same purpose. Furthermore, there were several possible approaches to contracting for the project, including the traditional fixed-price or person-day contracts, and a new approach based on functions delivered, dubbed function-points contract. Given the uncertainties of the project, assessing the relative advantages and disadvantages of different ways of contracting and co-working was not easy. What makes the decision more interesting and critical, however, was its context: any improvements Öztürk's department can deliver in managing such innovation projects were critical in providing the innovative edge with the company needed by harvesting what's needed but missing from technology partners elsewhere.

2016 was a turning point for Turkcell, the leading GSM provider in Turkey. At this point, Turkcell started to enter into new business domains to accelerate its growth. For example, as part of their move into financial services, it founded two new subsidiaries, one focusing on consumer finance and the other on payment technologies. It also announced an insurance firm to be launched in the new future. It became the technology provider for large-scale city hospitals and were looking for new roles in the healthcare sector. The company was also a bidder for a country-wide education project to become a player in the education sector. Moreover, last, but not least, it had been announced as one of the five companies that will take part in building a national automotive company. All those initiatives required a solid information technologies background, and the ability to quickly learn new business domains to create new solutions in those areas, most of which require close collaboration with new technology partners Turkcell had not worked with before.

Turkcell's History

Turkcell had much easier times in the past when challenges to its technology and innovation matched the relatively secure business environment. If one needs to describe the company's experience as one of Turkey's GSM providers in 2000s, 'reign' would be a more appropriate word than struggle. This first mover has dominated the growing local market in this era. It also has attracted a competent talent base, selected from the best universities in Turkey.

Turkcell has been a communications service provider (CSP) in the market since 1994. It has seen very steep market growth in its first decade as the market was growing from an almost non-existent position. It had enjoyed substantial profit margins. The fast growth forced it to create a culture which was both very dynamic and fast. The competition required it to respond very quickly to new developments in the market, while high paced growth required it to continuously re-adjust its capabilities and resources to meet the new demand patterns. The market has also become more and more regulated over time, which forced Turkcell to keep up with exogenous changes promptly.

It was around the end of the 2000s that deregulation of the GSM market disrupted this advantage that Turkcell had long enjoyed. With the global competition cutting in, the company was forced into a fundamental strategic change. Market dynamics around Turkcell had changed in notable ways. Since the number of customers for its basic communication services was limited, growth in those products and services hit a flat line for all operators in the market. With the advent of 4.5G data networks, the capital investment into existing infrastructure and new fibre network lines as well as the license fees required a new cost discipline. However, it was not possible to pass these costs on to the customer directly.

In recent years, on the other hand, OTT (Over the Top) players such as Apple with its iTunes music service, Netflix, Facebook, Google – especially with YouTube, Spotify and others have entered the market with highly demanded music and video streaming services. OTT players started changing incumbent business models in the content business, but they also had a significant impact on the CSP businesses: they required and consumed most of the new high

bandwidth and fast data networks provided by the CSPs, without bearing any of the costs, while enjoying the benefits, without sharing any of the profits with them. In certain markets this situation was being regulated by rules under the name of “Net Neutrality”; in other markets, the OTT players would simply depend on customer demand, and would not negotiate any terms with the CSPs to change the revenue distribution model.

Top management at Turkcell first launched a turn towards a more innovation-centred strategy to defend its market position. In early 2011, relevant HR policies and organisational change programs were in place to support this turn. However, this turn soon made evident that the company needed to transform itself into a technology company that innovates new products and services, rather than remaining in its GSM provider cocoon. With a clear strategic focus in place, the company started exploring several avenues of innovation to attract consumers and business customers, in areas ranging from TV content subscription and fibre internet services to mobile payment systems and other disruptive technologies, such as augmented reality. All these changes in the business context required Turkcell to look for new capabilities to stay competitive in the market. First of all, it decided to create its own content business, aiming at taking a share of the profits from the highly demanded streaming-based music, video and TV content businesses. It also added other content businesses to its target portfolio such as learning content, search and messaging.

In this new era, the company had to extend its set of technological competencies. It also found itself working with many technology partners in innovation projects. It became only natural that company complemented its technological knowledge with knowledge of such partners, to move fast into multiple and often new technological domains.

Agile Experiences and Innovation Projects

As part of its strategic shift, Turkcell also decided to explore new ways of work. As Turkcell needed to compete with the OTT companies in a very fast changing environment, it also had to look for ways to build its products and services in ways similar to its competitors. Turkcell technologists had noticed that those competitors were using agile methods to build their new products in iterative manners to address uncertainty in exploring a new market, addressing user needs and responding to fast competition.

Agile approaches prioritise responsiveness over cost-efficiency when needed. It also takes a risk by reducing the focus on predictability to explore value opportunities. Fast feedback cycles are the only means in this approach to mitigate risk. It also empowers autonomy at the team level, reducing the need for oversight. Agile organisations are designed based on outcome instead of speciality since outcome orientation requires the coordination of multiple teams with different disciplines. These cross-functional teams reduce the cost of hand-offs, allow a reduction in batch size and a decrease in cycle times.

One of the challenges to fit onto agile project management is in the inter-firm collaboration arena, which is typically governed by contracts. In the contract-based governance of inter-firm projects, the feedback loops are badly constrained at contractual boundaries. Designing formal, service-level agreement-based protocols throughout outsourcing models' risks increasing bureaucracy; the last thing that is needed when the goal is responding rapidly to change.

In 2015, Turkcell started exploring agile practices in one of its divisions to speed up its campaign generation capabilities using the Kanban method. Impressed with the success of the deployment of agile, it decided to deploy it to a wider base, especially in the software development area. These transitions created a mix of practices, with some projects still starting or continuing with more classical, waterfall-based software development practices where cost and scope, as well as innovation targets, are fixed in the beginning. Some started with the waterfall approach but then looked for ways to become more agile. Some other projects started with agile in mind and continued that way.

However, this not only required Turkcell to change its working practices but also the working practices of its partners, as most software projects were being carried out with one or more technology partners. A change that was introduced to the collaboration methods of Turkcell was the way contracts were outlined with software development partners. Initially, there were two main methods to initiate a joint project: a fixed price contract and a time-and-material contract, also known as the person-day contract. In the fixed price contract, the project was defined up front with a fixed scope and one or more candidate firms would bid for it and the awarded party would work together with Turkcell on the project's delivery. The price would be agreed at the time of contracting. If the scope can be managed well, the partner can reach the profit margin it has anticipated at the time of contracting. If not, the

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cost of the project may very well go out of control for the business partner, also leading to timeline issues. The risk of the project is mainly carried by the partner, not the focal firm, Turkcell. A person-day contract, on the other hand, had different issues. It required both sides, but in particular, Turkcell, to judge how much effort was needed for each commissioned work, and this consumed time and effort. In either case, when the project was completed, the relationship would typically end or get extended through another scope work. The appropriation for the focal firm is the value created from the project while the partner only makes a profit or loss based on its realised cost basis.

It was about this time that Serkan Öztürk became Turkcell's new CIO with a mission to match the management of technology and innovation with the company's new priorities. Öztürk soon realised that the single key requirement that emerges in innovation activities was agility. Coming from a software background, Öztürk was experienced in agile software project practices and realized their potential for providing both adaptabilities to requirement uncertainties and speed that Turkcell needs in project management.

However, the arsenal of agile practices was developed in small teamwork settings and intra-organizational projects, and not the sort of inter-organisational projects Turkcell was usually faced with. Perhaps the only similarity between these contexts was the need to start with vague requirements and focus on doing whatever possible to clarify and satisfy the requirements in the shortest time. However, apart from this similarity point, inter-organisational projects - which commonly used fixed price contracts- relied on clear requirements to allow the contractor to plan its resource use and the buyer to control for risks. Overall such project partnerships provided Turkcell with access to partner capabilities but introduced uncertainties and risks, and any means of controlling these risks meant slowing down the contracting and executing processes. On the other hand, it was broadly accepted that agility was the primary capability Turkcell had to have.

Also, agile practices relied on intense, face-to-face communication in cooperative settings. Thus it was a real challenge to apply them when working with a partner with a separate office and its work plan. Furthermore sharing innovation-related information with outside partners was a sensitive issue in itself, even under non-disclosure agreements. Fortunately, Turkcell had partners with whom it developed a good level of trust over the years, which

eased these problems considerably. But the company often had to work with fresh new partners for accessing the technological capabilities it needs.

It was in this climate that Öztürk and his team needed to choose a partner and draft a contract for the customer interaction management project in hand. His team was willing to draw upon some experiences in different forms of contracting with project partners:

- ‘Time-and-material contracts’ or ‘person-day contracts’, which are very flexible and do not have clear requirements or a schedule, but were successfully used in established partnerships with trusted, long-time partners. Those contracts were pivoted around the ‘inputs’ of a given work, namely how many persons were deployed by the contracted partner for the project and how many days they were used throughout a month.
- ‘Fixed-price contracts’, which work well in the absence of established trust between project partners, and with ample time to clarify requirements before contracting, and to allow for longer time to deliver results taken by independent work style when compared to close work in time-and-material contracts. These contracts were pivoted around the ‘output’ of a given work, namely a phase or a module delivered by the contracted partner as part of the project, would be the basis of a payment milestone. Typically, those deliveries would take many months, if not years.
- The newly introduced ‘Function-Point contracts’ for software projects which allow finer pricing and tracking of project progress while still retaining clarity of the outcomes to be delivered. Based on a new variation of the Function Point Analysis practice, the new contracts would not look at the types and roles of people involved as in the time-and-material contracts, but rather focus on the outcomes: each particular artefact, such as a screen, a data processing transaction or a report is assigned a Function Point value, and the partner will be able to charge when this artefact is delivered to its customer. The partner will then itself determine which roles and seniority or expertise it will need to deliver those artefacts and if the project scope changes, it bears less commercial risks as its delivery is based on piece based prices, which are typically in the range of days or few weeks, and can easily accommodate changes in the direction of the project targets. However, the delivery

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is solely dependent on the delivery performance of the partner, and this reduces the cost risk of Turkcell.

While these are considerable experiences and provide a good variety of inter-organisational management forms, not all teams in Turkcell and its partners were experienced in applying them. Also, most teams were inexperienced in agile practices, and particularly in their adoption to an inter-organisational setting where partners work in different locations.

To gain a clearer assessment of these alternatives, Öztürk decided to look deeper into previous experiences of project teams to identify the common practices and factors that made some inter-organisational innovation projects more successful and faster than others.

The three projects below summarise Turkcell's early experiences with agile methodologies in collaboration with external partners.

Project A

Contracts were found to be interfering with the applicability of agile practices on various occasions. This was the case in one of the software-intensive projects, here called Project A. In the project Turkcell team was working on their own in the early phases. The only partner was a fully owned subsidiary, and teams from Turkcell and the subsidiary already had a good level of trust in place before they have started. Even though agile practices were not a company standard at the time, some agile practices were employed in the project. Analysts and developers were working within a single shared office, and post-its were utilised to track project status and increase transparency. These practices continued when a partner is included in the project with a person-day based contract. However, over time it became obvious that the partner preferred a more waterfall approach in which documentation would need to be created as part of the requirements analysis process and the partner would go alone in building the software components.

After significant delays in the project schedule, the contract with the innovation partner was changed from a person-day contract to a fixed-price contract to ensure delivery; and the form of this second contract has since become a major source of dispute and discussion. A more classical, waterfall-based planning was the basis of this new contract. Then the

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partner has decided to mainly operate from their own offices, ending the earlier agile practices:

“Although there was no widespread talk of agile in Turkcell at the time, in the first project we have successfully used post-its on the walls, and having analysts and developers work together in the same room. However, when the contract changed and the firm Software-House-X came in as a partner, agile working was over. Everyone started working in his or her locations and offices.” (Interview with project participant)

As the partner selection criteria had not prioritised particular working styles over others to create a collaborative, extended project team, these results were unavoidable. In fact, the following excerpt from an interview demonstrates how ‘soft’ factors such as the processes and practices can be overshadowed by ‘hard’ factors such as cost:

“There were 7-8 firms in the bid. ... Software-House-X was the one who gave the best price.”

Q: *“Was experience in agile practices was one of the partner selection criteria?”*

A: *“No, agile wasn’t on the list, knowledge of the application domain was more important.”*
(Interview with project participant)

Project B

One of the projects introduced a new form of ‘performance-based contract’ for cost control and delivery, named Function Point Contract. This new contract model also ensured a higher trust relationship between the collaborating parties, as demonstrated in the following quote from the project leader:

“[In the previous model] developing trust was difficult. Due to increased visibility, it is easier for trust to develop in this new model... moreover, it ensures a fair process. I mean, there’s no bargaining like that anymore ‘hey c’mon, that is 20 man-day effort, not 50’, or vice versa ... and it is easier to convince the business teams to get their buy-in. So, this makes the two sides move closer.” (Interview with project participant)

During the interviews, we noted that some Turkcell managers based their partner selection not merely on the basis of partner capabilities or tender price. They had a preference towards partners whose set of work practices were compatible with their team:

“We have defined the assessment criteria at the very beginning. ...For example, we have asked whether they had User Experience (UX) capability, although it was not UX we were hiring them for. .. Nor did we have any idea about we’d be doing agile at that time, but we asked whether they had experience in function point analysis or trending agile practices like Scrum. ... So, we have eliminated quite a bunch out of the 25-30 candidate firms.” (Interview with project participant)

Project C

In a third project, a collaboration between Turkcell and its innovative partner and their joint focus on delivering certain innovations in a customer experience project caused the project teams to go beyond the fixed-price contract. The experience of this project demonstrates how leadership style, together with contracting, can profoundly affect the development process and project success.

Before Project C, Turkcell was already using an off-the-shelf product for managing its customer interactions; however, the system was struggling with increasing interaction scenarios, higher volumes of data transactions and new business requirements. To address those, Turkcell published an RFP, and some well-proven products had entered the RFP process. The challenge was that even the industry-leading products were not able to completely address Turkcell’s feature requirements with their products, and they are asking for those to be jointly developed over an unqualified period. Turkcell did not feel that it could collaborate with those parties easily as their product teams were located in one or more locations, but all outside Turkey. So, they decided to contract with a local startup which was in the process of maturing its product. Turkcell team thought that even though the startup’s product was not completely ready if they added a selected set of features to the product and added a new, high-performance module, it would be able to address Turkcell’s needs in due time.

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The innovation partner startup team were confident in their product. They were keen to add the features to their product but did not feel a challenge on addressing Turkcell's performance requirements, so they did not plan for a new module as the project kicked-off. Shortly after project start when initial tests were run, it became obvious that the product was not able to address the performance requirements as they anticipated. Deadlines were already approaching, and tough discussions and financial tensions were on the horizon. However, both teams quickly realised that if they took this path, it was unlikely that they could meet the dates successfully. Besides, it became clear that the startup team needed further access to Turkcell's resources to address high-performance requirements as Turkcell resources have been quite experienced in performance engineering based on many similar other systems they have built and have been operating. On the other hand, Turkcell team did not have sufficient experience to complete the project on their own. So, both teams decided to try another approach.

"Shortly after, we understood that if we kept waiting for a complete packaged solution, we would end up in trouble. To avoid that, we came up with a solution proposal. We asked them to collaborate [even further]. Moreover, asked them how we could contribute, asked them to train us in certain areas. With our support, there would be increased muscle power. We have been collaborating since the beginning of the project, but we wanted to go the extra mile. This turned out to be quite helpful, and relaxed them; [the built up] stress was [already] impacting them, they are human beings too." (Interview with project participant)

Turkcell team and its startup partner agreed on a "succeed together" plan. The two teams moved to a single room to allow for instant communication and collaboration. The partner educated Turkcell team in particular areas of the product so they could contribute much more effectively. Daily meeting routines, where the partner's team would first meet internally, and then meet with the Turkcell team were aborted in favour of a single, joint meeting every day. Whenever a task was defined for development, the most suitable person, regardless of the team, would start its implementation. By reducing boundaries between the two teams, the priority was now completing the work. Additionally, the teams re-prioritised the required features, postponing some to a subsequent phase and thus were able to deliver the most valuable features on the original project deadline.

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“Q: Have you moved to agile practices completely?”

A: We did not apply a particular [ly known] methodology, for example, we did not introduce a Product Owner or a Kanban Master. However, we built a task list for the project and the project manager reported on it on a daily basis. These were also shared through online platforms.

Q: Did you introduce new roles?

A: Not particularly. However, our developers started pulling work from a shared task list as well.

Q: What about new routines?

A: For example, we introduced a 15-minute daily meeting which is quite close to agile routines. In the beginning, the partner team would have their daily meeting and then would come and meet with us. We decided to merge the two, later on; we had daily meetings where project team members from both sides joined.

Q: If I understand correctly, instead of the project manager assigning work, the team members started pulling work. Is this correct?

A: Yes, pulling work practice was started.

Q: It would be fair to say that you have become half-way agile, right?

A: That’s correct.

The Decision Ahead

Turkcell’s CIO has recently been tasked with building new delivery capabilities in different domains, such as finance, healthcare, and education. Other new domains, such as automotive, were also on the horizon. To respond to increasing demand on IT capabilities, he needed to develop an approach that would ensure that he could continue to provide technology solutions at the same quality level as provided to its telecommunications customers.



The early experiences with agile methodologies demonstrated that each project moved into the agile realm at a different pace, and adoption of agile approach depending on the nature of the project, the contractual form with the innovation partner, and the capabilities of the innovation partner. However, results have been mixed.

Thus, Öztürk needed concrete proposals for how to go about contracting the new customer experience management project, which could be considered as a continuation for Project C, but with updated capabilities. The local partner in Project C was still a potential partner, but this time there were also more mature global products that could serve the purpose. How should the CIO respond to increasing pressure for Turkcell to exploit innovations? Which contracting form can help Turkcell in engaging with this new project? To what extent can agile methodologies help them in achieving success and delivering results?

TRS Group – Managing a Trust Culture

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This case is based on a generalised experience. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors have disguised some identifying information to protect confidentiality.

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TRS GROUP – MANAGING A TRUST CULTURE

PART-A

The TRS Group is a leading manufacturer of machine components, which comprises a development, manufacturing, and sales network with more than 200 subsidiaries and regional companies in approximately 45 countries. Founded in the early 20th century, the company had built a strong global reputation supported by high-quality production and a culture of trust and collaboration. In late 2007, David Phillips was the Technical Manager of the TRS subsidiary located in Bursa, Turkey, which was one of the earliest established operational units of the TRS Group. TRS employed around 4500 skilled associates and set an industry benchmark in manufacturing highly complex machine parts, with many quality awards, lean production, and a continuous improvement culture.

One morning all employees received an email from the senior management about a defective product that had been sent to a customer. An engine component had not met the quality standards and caused a major safety problem. Thus, the customer who used this defected product had to recall thousands of its subassemblies. This was considered by Phillips to be unacceptable for a company like TRS, famous for its zero-defect policy and lean processes. “We want to learn how it happened and take the necessary measures to prevent it from happening again,” he indicated in the email. All the quality teams were informed about the quality problem during their routine shop floor meeting. Other TRS plants that produced the same component were informed as a precautionary measure. Phillips feared that if the problem could happen in Bursa, it could have also occurred in other plants as well. In this way all affected *process owners* in TRS Global were warned about the possible defect. Phillips felt that the most important thing was to find out the root cause of the quality problem. All employees were invited to inform their respective managers about anything they knew about the defect. Production managers started a thorough investigation at the shop floor among the blue-collar employees, and all cameras were reviewed several times for the possible periods during which the defect might have occurred; however, nothing was found. A group of managers began to think that it was an external sabotage activity. This soon led to rumors and conspiracy tales among employees in both the main offices and the shop floor. By the end of the week, Phillips was growing

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impatient. Managers from the TRS headquarters were also awaiting an explanation from him. He could feel the tension in the air when he was speaking to his boss on the phone. His boss asked him many questions: “Do you have a plan? What are your next steps going to be? Moreover, what is going to happen if the head of the machinery division, scheduled to perform his yearly visit to the Bursa Unit next week to assess its general performance, decides not to continue to invest here?”

News of this visit only served to escalate Phillips’ anxiety. He knew that it was essential that they solve the mystery of the defective product and restore trust and peace in the organisation again. Putting down the phone, Phillips pondered on how fast things seemed to have escalated since the defect was first discovered, He started to reflect on what type of problem this presented to the company and what would need to be his next step.

PART-B

Phillips had been working for TRS Group for 13 years when he moved to Turkey with his family to join the Bursa plant as a technical manager in 2006. He was tall and generously proportioned, with a personality to match. If he was not smiling, his hard face was generally full of determination. He had a clear, analytical mind, and tended to speak only when he felt that his words were better than his silence, albeit he was known to have the last word on most matters. He held a mechanical engineering degree from Hungary and a PhD from a reputable Austrian technical university. He started his career in the TRS group as a process engineer in Corporate Research and Development. During his years in the company, he worked in several management positions mainly in Manufacturing, Quality, Safety, and Project Management, as well as contributing to several corporate functions. He had a broad range of experience in different divisions of the group and hence was welcomed by the group’s senior management as a highly experienced technical leader in Turkey.

TRS Bursa Unit had been dedicated to total quality management (TQM) systems since 1999. This started with a competition among all associates to determine a slogan to carry the company into the 21st century. The slogan: “*Follow quality with us*” set the ambitious standards for the entire company. This slogan was so highly espoused that several years later employees were still wearing t-shirts emblazoned with the slogan. The major milestones of this change period included the development of mission statements, vision,

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values, leadership principles, policy and strategy documents, all of which contributed to the development of what many believed to be the strong corporate culture the company had continued to sustain well into the new millennium.

In 2005, the TRS Bursa Unit received a prestigious and widely recognised quality prize. During 2004-2006, the company went through a rapid phase of growth with increased investments, production, and employees. It was during this period that Phillips joined the Bursa unit. In spite of the upturn in production, a few Turkish managers had warned him about some perceived risks that had become growing concerns. “Many new employees joined the Bursa unit during the recent growth phase. Recruiting new employees brings creativity to the company; however, there is also a risk. Full deployment of the corporate culture to the new employees should be considered.” They were keen to remind Phillips of the strong total quality management culture that had been built over time, due largely to the efforts of the Turkish managers and the strong corporate values of whole TRS Group. Phillips was assured that TRS had always been a company driven by its values. These organisational values were first determined at a management workshop in 1999 and had continued to be driving force for the organisation’s success. Trust was one of the core values of the company culture. Building trust inside of the organisation (especially between employees and management) was an essential issue as well as building trust with customers. The senior management strived to build this trust by open communication and to ensure effective deployment of the right information at the right time to the right people and in the right way. This was accomplished using many tools such as information meetings, review meetings, employee dialogues, associate surveys, and open house sessions. Since the senior management wanted a company-wide commitment to the vision, mission, and values, all meeting rooms, offices and the shop floor were adorned with posters about the vision, mission, and TRS Group values. As well as these soft issues, visualisations of targets, results, and the improvements that had been achieved across the plant consistently proclaimed the strengths of the company.

“Continuous improvement” was another core value of the company inherited from its founder, who once said, “Practice the philosophy of continuous improvement, get a little bit better every single day!” Many tools and systems were designed to achieve this value; for example, Lean Production Systems had been implemented with the objective of having a

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culture of continuous improvement of manufacturing and logistics processes, to detect and remove waste, and to use standards like Kanban⁷ and Heijunka⁸ boards. Another tool was the Shop Floor Management Cycle (SFMC), which included cycle-time documentation, hourly tracking of the line performance, and systematic problem-solving tools. Since 1999, many different methodologies had been introduced to the production processes to improve quality. Intensive application of quality methods such as Firewall⁹, FMEA¹⁰, and Poka-Yoke¹¹ resulted in zero defects and rapid quality improvements. The Bursa Unit had two groups of customers a) internal customers (other TRS departments or plants that used Bursa unit products as part of their products or shipped them directly to the end customer) and b) external customers. Quality parameters were tracked closely and carefully for each customer group. In the external customer's group, the company had only once experienced a problem that caused a 28 ppm¹² failure rate in 2002. Rejection rates had, in fact, dropped to 0 ppm in the last three years. Similarly, for internal customers, rejection rates had decreased from 59 ppm to 0 ppm in the past three years. To solve the problem, a Q-team (quality team) supported by an experienced black belt and an external Shainin expert was brought in to bring the performance back to its former level.

When Phillips joined the company, he determined that the company vision be to *cost competitive* and to strengthen trust with customers through *zero defects*. Phillips soon became a strong promoter of this corporate culture on the shop floor, emphasising the mission, vision, and corporate values on all possible occasions. He always mentioned that “Leadership on the shop floor is a challenge. We need leaders who can spend more time on improvement activities and troubleshooting.” In 2007, the company was recognised with an award for its Six Sigma projects. Following these successes, Phillips and the Commercial

⁷ Signboard or billboard in Japanese. Kanban is a scheduling system for lean manufacturing and just-in-time manufacturing (JIT). A kanban passes on information that typically would be communicated via words and visualizes it on a Kanban board, allowing team members to see the state of every piece of work at any time.

⁸ Heijunka means leveling of production by volume or product type in the lean production system.

⁹ Firewalls provide a detailed analysis of all process Quality Gates (inspection areas), cross-referenced with potential faults via Process Failure Mode Effects Analysis (PFMEA) and actual faults found in the process.

¹⁰ Failure modes and effects analysis (FMEA) is a step-by-step approach for identifying all possible failures in a design, a manufacturing or assembly process, or a product or service.

¹¹ Poka-yoke is any mechanism in a lean manufacturing process that helps an equipment operator avoid (yokeru) mistakes (poka). Its purpose is to eliminate product defects by preventing, correcting, or drawing attention to human errors as they occur.

¹² Parts per million.

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Director became committed to a new challenge to motivate employees in their total quality management journey. For this purpose, a project was established to win a quality award. The Bursa Unit had won the award in 2005, and with this project, the unit was keen to reclaim this award once again to prove that they were still the best benchmark in total quality management. However, this project was full of risks. If they won, the Bursa unit would show that they were still the best benchmark in Europe, even among other TRS group plants. However, if they did not win, it would be a serious disappointment. To mitigate against this, Phillips put Cem Acar in charge of the project.

Acar had become a role model leader of Total Quality Management in the organisation, especially on the shop floor. He was one of the key people who had built and deployed the total quality management culture all over the organisation. Phillips noted that Acar had had an amazing success story, which had seen him rise from the shop floor to the management ranks of TRS Bursa Unit. He had been responsible for the coordination of continuous improvement in the early steps of his career. He was considered to be a polite role model, respectful of different cultures, supportive and result oriented, who quickly gained the trust of his colleagues and the approval of his managers. He was the kind of man with a motto “Difficult is done at once; impossible takes a little longer”. Some employees described him as pokerfaced because of his calm persona. He had a big role in persuading TRS Group headquarters to invest more in the Bursa Unit. He and a few other managers were considered champions of the TRS company culture, and they were also mentors for new foreign plant managers.

It was 9 am on Monday morning, and Phillips noticed that the calendar was giving an alert for a meeting about the defective product. The participation of Phillips, Acar, and the new production manager was required. At 09:05, Phillips and Acar were at the meeting room, still waiting for the new production manager, Ahmet Korkmaz. Phillips was always punctual, never putting up with late arrivals to meetings, and in principle, never waiting for anyone for more than five minutes. Everyone knew this in the Bursa Unit. Phillips stood up and said:

“Ok, that’s it--we don’t have more than five minutes to waste.”

They left the meeting room and continued to discuss other topics while walking to their offices. The arranged meeting was rescheduled for 13:00 with the participation of all managers, who now made sure they were on time. The meeting began with excuses from Korkmaz for delaying the meeting in the morning. Phillips mentioned briefly how important punctuality is at TRS and then they came to the main issue: the defective product that was sent to its customer.

Korkmaz began: “We are lucky that the defective product was sent to an internal customer. Otherwise, the pressure would be high for us.”

Phillips responded: “It doesn’t matter whether the customer is internal or not. Quality is our top priority. We still don’t know how it happened, and frankly, I really don’t understand how it could happen in spite of all our control processes.” The managers in the room could see his face was starting to turn red, which tended to happen when he was getting angry. “Everything that happens once can happen again!!!” he exclaimed.

Acar interjected confidently: “We’ve taken all the necessary measures to prevent this from happening again. All related employees in the Bursa Unit, as well as the other TRS plants, have been warned about the issue. As agreed in the last quality review meeting, a special Q-team has been formed. They have already begun to work on it. The team will soon analyse the reasons including all possible scenarios and take the necessary actions for improvement. I am sure that our team can manage this quality problem.” He turned the new production manager and continued. “However, we mustn’t risk the possibility of another defect in production. You saw the headquarters visit yesterday. Thankfully everything went well. However, increasing defect rates means less investment from the TRS group to the Bursa Unit, and it means less employment and less employment security. All employees of the Bursa Unit should also know this fact. This is the reality of Turkey.”

Korkmaz seemed impressed by Acar’s speech. Acar continued: “But there is something more important about this quality problem. There is someone out there who knew about this problem, and this person is hiding. Of course, we are not looking to point a guilty finger, but we need the information to ensure we’ve accounted for the causes. It doesn’t sit well with our culture to simply let this one go. My guess is he is someone who is new in the TRS Bursa Unit. However, you know the shop floor; this kind of thing may cause mistrust and gossip if

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it is not handled properly. I heard some rumours from the shop floor. Some blue-collar employees believe that management will charge the cost of the defect to the employees.”

Phillips continued: “Where there is smoke there is fire. My own experience tells me that trust in the shop floor is just like an eraser; it gets smaller and smaller after every mistake.” Acar responded: “It is also a threat for our quality award project. These kinds of rumours have a negative effect on the motivation of our employees. You know, according to our calendar, we will be conducting the employee satisfaction survey next week. Given these circumstances, I wouldn’t be surprised if employee satisfaction decreases by as much as two or three points. We need to weigh up the risks for the award.”

Phillips thought about this for a moment: “What if we postpone the employee satisfaction survey for a couple of months to allow time for things to settle back down?” However, Acar was insistent: “No, this will only strengthen the mistrust of employees in top management.”

Phillips retorted: “So what do you suggest we do to increase the motivation of the shop floor employees for the Quality Award?” Acar hesitated: “This project belongs to them more than me. All our employees are involved in at least some part of it. They have planned and implemented each step. However, we’re very near to its end, and I’m starting to realise that the employees on the shop floor now need extra motivation. During my time in this company, I have seen that when associates in the shop floor start expressing different values, the overall effect is decreased motivation. For example, in our last weekly meeting in the shop floor, one of our colleagues said, “The success of Bursa in Europe will also mean success in Turkey.” Emphasising this point was a huge motivator. I think we can build on this discourse on the shop floor. “Our flag will be waved over Europe with our quality award”. We can also have posters prepared that incorporate the TRS company logo, the Quality Award, and Turkish flags all together”.

Korkmaz was unsure: “What does this quality award mean for us? I am confused.” Acar sought to clarify: “The Award itself is not our main aim, of course, but it is a tool that will motivate us along our long total quality management journey. That’s why it is important.”

Phillips agreed: “Well, I am certain the project motivates the employees on the shop floor. You know them better than me. Anyway, I will arrange an information meeting and invite all

blue- and white-collar employees together on Wednesday. We should provide clear and direct communication about the defect. Please prepare me a draft presentation in Turkish. I think we should remind everyone of the importance of trust.”

On Wednesday, Phillips presented his speech in Turkish, as agreed. He did this when he really wanted to reach the hearts and their feelings of the employees. A huge crowd was waiting for him and, as usual, he was there on time. While he knew what needed to be said, he never felt as comfortable in these situations as he did on the shop floor. His speech was not very fluent; however, most felt it was both sincere and touching. He mentioned that this was not just a quality problem but also a cultural problem, and he added that quality defects were easier than cultural defects. He seemed confident when he stated:

“Leaders in TRS never try to find a guilty person when they face a defective product or a challenge; instead, leaders in TRS try to find the reasons and take the proper corrective measures. This is called continuous improvement, and we all need it. Likewise, employees in TRS never hide important information from management because they all know that we are all one team. This is called TRUST; it’s what this organisation was built on, and we all need it.”

He closed his speech by guaranteeing that the employee or employees who caused the defect would not face any punishment. The last slide of the presentation that included a quote from the founder of TRS was projected on the big screen.

“If you don’t have trust inside your company, then you can’t transfer it to your customers.”

GPM Holding - Powering Up Growth

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This case is based on a generalised experience and published sources. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors have disguised some identifying information to protect confidentiality.

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GPM HOLDING - POWERING UP GROWTH

Alev Sezer, external director of GPM Holding, had just come from lunch with Duygu Giray - chairperson of the executive committee and the CEO - and her sister Ebru Giray Pak – the former CEO - who had conflicting views and strategies concerning the growth and profitability of the company¹³. GPM Holding had increased its revenue from 1 billion dollars to 4 billion over the six years period from 2000 to 2006. It was planning new investments to enable it to be a significant international player. GPM Holding manufactures and markets automotive wheel rims, tires, batteries, and accessories. It offers nanotechnology closed system batteries for automotive, heavy-duty and marine vehicles industries; aluminium and steel wheels for passenger cars; and wheels for commercial and heavy-duty vehicles. The holding also provides sales and marketing services for tires and heavy vehicle wheels; freight forwarding services, supply chain solutions, and supply chain consultancy services to customers in the primary industry, supply industries, and retail and service sectors; insurance products and services; and industrial waste management and environmental consultancy services.

Alev, who is a close associate of the sisters, was facing a conundrum because she had had a really difficult time in mediating rather heated negotiations between the top managers about regional expansion strategies and the creation of a new competitive space. Alev had always appreciated Duygu's (current CEO) creativity but was still quite hesitant about the new strategies which might be against the family-owned company's objectives, interest, and unique position. In a few days, there would be an extraordinary board meeting, and Alev wanted to take the right position and come up with some constructive ideas that would ease the conflict between the two sisters.

GPM Battery, a subsidiary of GPM Holding Co., had been a success story for more than 20 years. It had been operating in the auto-supply industry and was mainly manufacturing car batteries for both lightweight and heavyweight vehicles. The company had been an exporter

¹³ GPM Holding has been quite successful as an OEM (Original Equipment Manufacturer) and is a well-known auto supplier in Turkey. It has several subsidiaries in related areas – battery, tire rim, machine electronics and auto engine parts, logistics, insurance and recently solid waste.

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in the auto-supply industry for many years. However, recently the export intensity in the overall sales volume had increased considerably, mainly due to the strategic partnerships with foreign counterparts with the Italian Piemonte Group in 1993 and the Belgian Ghent in 1994 along with its integration into GPM Holding in 2005. The partnerships established in the early 90s enabled GPM Battery to come one step closer to its vision of becoming a global brand. Also, in 1996, Catalonia was acquired by LCB, the world leader in car batteries. This move had propelled exposure to world markets. Further, incorporation as an international player meant that GPM Holding also brought about international exposure by magnifying its export potential. The company still boasted of being a significant car battery exporter of Turkey, and the region.

Besides traditional car batteries, GPM was also planning R&D investments with the aim of expanding its product line and starting to manufacture industrial batteries, as well.

The scope of the company's export markets included Central Asia, North Africa, and Europe – notably Spain and Portugal. Also, the company was the market leader in Iraq and Israel.

Recently the company had redefined itself as, “the world's energy expert.”

Despite the CEO's enthusiasm about the new plan, potential friction among the board members could easily upset the top management's precious harmony. So, it was important that everyone agreed upon the strategic choices to be made.

Alev needed a break! That evening she would be joining an old friend, Deniz, for dinner, but before dinner, she decided that it would be nice to hear some advice from her. After all, Deniz had been a long-time consultant for large multinational and high-growth family firms.

She picked up the phone and called her:

Alev: Hi Deniz! I know we scheduled tonight's dinner for a later hour but how about meeting a little bit earlier? There is a dilemma in the company, and if I do not take the right position and act as a mediator, I am afraid it will turn into destructive conflict. I'd appreciate having some advice from you



Deniz: No problem Alev! I was just about to leave the office. So, let me pick you up in half an hour, and we can have a cup of coffee before dinner. Some Bosphorus views would be great after a tiring day, right?

Alev: Ask me about that Deniz!

Deniz: Ok then, but promise me, we will not be talking about work during dinner!

Alev: Deal!

An hour later, they were sitting at a fancy café viewing the Bosphorus. Alev was stirring her coffee while she was recalling the details about the situation that was emerging in the company:

Alev: I believe Duygu is enthusiastic about developing that breakthrough idea which will make the holding an international player. She thinks that the company can only grow if it becomes both a regional and an international player in the next ten years. According to her, through joint ventures, acquisitions, and maybe even through mergers, GPM Battery could grow 17-20 per cent every year. In our sector, many European companies are going through financial difficulties. Duygu believes GPM can quickly acquire and restructure them. To her, even in other areas, this is the time to be aggressive to acquire companies to grow inorganically. There are many attractive offers and projects that the company could be interested in. The company has already been institutionalised, and there is no reason to wait too long. She keeps saying, “If the Chinese are coming and buying Volvo, GPM can follow the same pattern.” Her sisters, who are board members, as you know, want to make investments in the energy sector in Turkey but Duygu is strongly opposed to the idea by claiming that investments there cannot be profitable within the next ten years. Instead, she prefers internationalising through foreign investment, which can be lucrative in five years.

Deniz: What about the consultant’s view? If I am not mistaken the company has been working with the same consultant now for a long time, and all board members appreciate his opinions.

Alev: Yes, you're right! Mr Alpay has been the consultant of the company for many years, but you know he never directly tells the sisters to do this or that. Instead, he provides the general framework which can help them find the right direction.

Deniz: Well, that is the right thing to do! I wish all consultants did that. Moreover, that is probably why board members respect and trust him. Anyway, what is the framework that he gave you to think on, this time?

Alev took a pen and a notebook from her bag and drew the following model¹⁴:

The Uncertainty in the Market

		<i>Low</i>	<i>High</i>
<u><i>Limited Access to Critical Resources</i></u>	<i>Low</i>	Competition	Coopetition
	<i>High</i>	Cooptation	Collaboration

Alev: As you can see here, Mr Alpay told the board that is depending upon the uncertainty in the target market being high or low and the company's access to critical resources in the host country, there will be different orientations, and strategic options will differ accordingly.

Deniz: What do you mean by access to critical resources?

Alev: When a company is considering entering a new market, it needs to assess the country regarding its production factors. These factors can be grouped into critical resources, for instance, human resources like qualification level, cost of labour, commitment, material resources like natural resources, vegetation, space, knowledge resources, capital resources, and infrastructure. If these local factors

¹⁴ Generated by the authors.

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provide initial advantages, the company subsequently starts seeking ways to take advantage of these resources. However, especially if the company's access to these critical resources is limited, this could jeopardize building and furthering the company operations as the company might not have any other resource alternatives other than benefitting from host country resources. As you know, after all, every strategy is built on resources. Furthermore, satisfying markets' limitless needs and wants with world's limited resources requires companies to contest for these critical and scarce resources. Hence, the rivalry generated by other international players to exploit the same resources for staying competitive is likely to be rather fierce, and this also might limit the company's access to critical resources. Besides, the continually shifting trends coupled with technological developments make the markets unpredictable and hence, in some cases, quite risky. These conditions make it challenging for the companies to sustain themselves in the face of fierce competitiveness and ever-changing market demands. Therefore, many companies have shifted their focus from competition to collaboration options to face the global world.

Deniz: So, the potential target markets and relative growth options should be discussed. Interesting! Given that we are living in a fiercely competitive global marketplace, no wonder that I see more and more companies eager to collaborate. They join forces to shield themselves from unforeseeable and risky investments while enjoying easier entry to unfamiliar market segments. I am curious about your thoughts on a potential collaboration! Is it worth scanning the marketplace for a partner? Do you think that it would affect this company positively and enhance its performance? I'm inclined to think that the board would be on your side with this stance, but of course, you are the one to know for sure! Plus, 1 + 1 is always much more than 2!

Alev: All right, you got me! Collaboration seems like a win-win solution, but at the end of the day, I am not sure if the company would like to share the gains. If we are the ones who are hustling, we might like to be the only ones enjoying the benefits.

Deniz: Ok... However, I still think there's enough substance in the collaboration option that is worth consideration. There are just too many developments in the

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marketplace for a company to keep track of on its own. A little help could make the world of difference. Anyway, what about the other side of the coin? Ebru? If I remember correctly, she is the former CEO and a very influential board member right now.

Alev: Yes, indeed! Well, Ebru has a different vision. She thinks, due to global stagnation and political uncertainties in the region, internationalisation, and foreign investment may not be the right decision for the company. Also, she believes that a “step by step” approach would be better to implement the regional growth strategy. In her view, the company has always been meticulous in taking major steps. *“That is the way we do business here in this company!”*, She says. She phoned me after today’s lunch meeting and said exactly these words:

“Our father, the founder of the company, always told us that there is a law in nature; called “entropy.” In the natural world, things move from order to disorder. Entropy in the corporation means the same thing: You can very easily go from order to disorder. One should always pay attention to the convergence principle in the lifecycle. Sometimes perceptions and innovations are really what make you or break you. Duygu’s original ideas and expansion strategy will be a whole new challenge and might cause entropy as it will cause a huge divergence from current company policy and business model.”

It is evident that Ebru believes, chasing different businesses abroad would cause enormous problems. In her view, market diversification of this size is an absolute monster for the company. In almost every board meeting, she keeps stating that, *“Several European companies learned the lessons and now they are consolidating and getting back to basics.”* She says, *“They are getting back to doing what they do best. They are repositioning themselves back to where they came from”*. According to her, during stagnation, one has to be very careful in making international investments. *“This is quite tricky,”* she says! *“If the company is not successful, where does it go next?”*, She asked me today during the phone call! Well, she thinks, GPM should take advantage of recent government incentives in the energy sector in Turkey and postpone Duygu’s “grandiose ideas” and “fantasies.”

Deniz: Oh, my dear friend! It is apparent that you are perplexed by these different views and orientations! Moreover, you are so right!

Alev: Well, I must resolve this and find a way to manage the process and avoid a potential conflict among the sisters and the board members. Otherwise, I know that this will aggravate tension and, I am afraid, will break the company. What is your view on all this?

Automotive Battery Market¹⁵:

The market is expected to grow especially in emerging economies such as Mexico, Vietnam, Indonesia, and Thailand. There is an increasing trend for pollution-free electric and hybrid vehicles, and the automotive battery industry is expected to transform itself accordingly.

Regarding product types, the market has been classified into five categories; lithium-ion based, nickel-based, lead-acid based, sodium-ion based, and others. Among these, the lithium-ion based category is mostly used in notebook computers, cellular phones, and hybrid automobiles. The increasing demand for these products is expected to lead to a parallel increase in the lithium-ion category. The lead-acid based one is the most widely used standard battery type in the sector.

Based on vehicle types, the market has been divided into passenger vehicles, commercial vehicles, electric vehicles, and others. The electric vehicles segment is poised to show the highest growth rate. It is mainly expected to grow in China and the US.

The market rivalry is high owing to the presence of numerous manufacturers. The market is dependent on raw material suppliers and manufacturers, in certain respects. Reducing the cost of battery packs is a crucial tool to compete with rivals in the sector. Also, mergers & acquisitions and joint ventures are among the key strategies adopted by market players to

¹⁵ Based on data from “Automotive Battery Market Size, Share & Trends Analysis Report”,
URL: <https://www.grandviewresearch.com/industry-analysis/automotive-battery-market>

consolidate their market presence. Fluctuating raw material prices are poised to result in high entry barriers for new entrants.

The presence of companies with global capacities also characterises the market. Companies established in Europe and North America have either set up their production units in China or entered the Chinese market through partnerships with local companies.

Energy Market in Turkey:

As revealed by official state reports, Turkey's energy import dependency, mainly on oil and natural gas, is increasing due to growing energy demand. According to recent production and consumption data, Turkey can meet only around 26% of its total energy demand from its domestic resources. Consequently, the following issues are among prioritised issues in the country's energy strategy¹⁶:

- Increasing efficiency and productivity, establishing transparent and competitive market conditions through reform and liberalisation,
- Increasing the ratio of local and renewable energy in the country's energy mix.

Also, recently, Turkey decided to include nuclear power in its energy mix to decrease the adverse environmental effects of energy production.

Private sector investment has been highly incentivised since 2002. Currently, power distribution operations are entirely run by the private sector, while the privatisation of power generation assets is set to be completed within the next few years. These attempts have given the country's energy sector a highly competitive structure and new horizons for growth.

In line with these objectives, the following statement has been recently put on the official webpage of the government's investment program – "Invest in Turkey"¹⁷:

¹⁶ <http://www.mfa.gov.tr/turkeys-energy-strategy.en.mfa>

¹⁷ <http://www.invest.gov.tr/en-US/sectors/Pages/Energy.aspx>

“To satisfy the increasing demand in the country, the current 80-GW installed electricity capacity is expected to reach 120 GW by 2023 through further investments to be commissioned by the private sector. As part of its efforts to provide sustainable and reliable energy to consumers, Turkey offers investors favourable incentives, such as feed-in-tariffs, purchase guarantees, connection priorities, license exemptions, etc.,

In addition to having a substantial domestic market, Turkey occupies a strategic location between some primary energy consumers and suppliers, and thus serves as a regional energy hub. The existing and planned oil/gas pipelines, the critical Turkish straits, and promising finds of hydrocarbon reserves within the country itself give Turkey increased leverage over energy prices and reinforce its gateway status.

Opportunities for renewable forms of energy production – hydro, wind, solar, and geothermal – are abundant in Turkey, and encouraging policies backed by favourable feed-in tariffs are expected to increase their share in the national grid in the coming years. The Turkish government has made it a priority to increase the share of renewable sources in the country’s total installed power to a remarkable 30 per cent by 2023.

As crucial as the renewables are for Turkey’s energy strategy in the coming years, technologies in such fields as waste processing and greenhouse gas reduction are also often cited together with this new form of power generation as critically critical supplementary practices. Sustaining the environment by resorting to renewable resources is accompanied by some measures and regulations that are either currently in effect or will soon be in effect. Some of these regulations deal with lowering carbon emissions, increasing generation/transmission efficiency, and promoting the use of waste management technologies.

The sum of these factors has had a profound effect on Turkey’s energy sector, turning it into one of the most attractive investment destinations in the world.”

Finally, manufacturing energy production equipment has emerged as a critical complementary market for private sector companies. The Government especially provides



incentives for those domestic companies who make R&D investments in manufacturing energy production equipment and recognise them as “high technology producing companies.”



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Everest! Are You Ready?

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EVEREST! ARE YOU READY?

Video: [“Everest are you ready?”¹⁸](#)

Summary

Between 27 March and 10 June 2006, a group of 12 from Turkey organised an expedition to the highest mountain in the world, Mt. Everest. The Turkish Team planned to climb via the Northeast Ridge route which required an ascent from the Tibetan/Chinese side. The expedition held several targets, such as accomplishing:

- The first team ascent from Turkey to be named as a national expedition
- The first woman ascent to the highest point in the world from Turkey
- The first ascent from Turkey to be made without the help of supplemental oxygen.

The Turkish Everest Team was comprised of 11 high altitude mountaineers (10 climbers, one base and advanced base camp manager) coming from the same climbing community affiliated with Middle East Technical University (METU) in Ankara and one specialist for visual documentation.¹⁹ The expedition was led by Serhan Poan, who held several “first ascents” records amongst the climbers of Turkey.

Petrol Ofisi, a Turkish petroleum company, was the main sponsor for the expedition. The Turkish expedition received logistics and sherpa support from Arun expeditions, an agent located at the Nepalese side of the mountain.

After weeks of preparations, approach and acclimatisation, on 15 May four members of the climbing team, including one-woman climber, reached the summit of Mt. Everest. With these ascents, the expedition had accomplished two of its three main targets.

On the same day, during the final summit push, one of the members fainted at over 8500 meters of altitude and had to climb down to the ABC (advanced base camp) escorted by two

¹⁸ Please see Appendix 1 for the video credits. You can also watch the video by copying and pasting the link in your browser: <https://www.youtube.com/watch?v=zfUqnvs2iV0&t=45s>

¹⁹ Please see Appendix 2 for the team members’ biographies.

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other climbers and the sherpas. Three other team members (of whom two women) also suffered health issues and retreated a day earlier. On that day, Poçan had problems maintaining the coordination and communication within the team. He and the other two members who were climbing without supplemental oxygen had to withdraw from the “unmasked” trial.

After a break of one day, Poçan announced that the team would have another trial with the rest of the climbers who had not reached the summit, including the ones who were having health issues. This was a bold decision, since there were issues like the sherpa team refusing to continue the climb, giving religious reasons as an excuse; the weakened health of the team members; having lost two of their close friends from other expeditions in the past two days; and the limited time left for the “good weather window” of the mountain.

Despite all, the expedition resumed, and on 24 May, just before the weather was about to turn bad, all the remaining six climbers of the Turkish Team reached the summit of Mt. Everest and returned to the ABC safely. The 2006 Turkish Expedition led by Serhan Poçan was recorded as being The First National Team from Turkey (10 submitters in one expedition), and also leading the first woman ascent(s) (all four women climbers of the team) to the highest point of the world.

Assignment

Please watch the video: [“Everest are you ready?”](#) (approx. 60 minutes) moreover, finish the two tasks below:

1. Prepare a timeline of events, starting from the day the Team left Base Camp (BC) to their second summit day (24 May 2006).
2. Answer the questions and back up with arguments: How would you define the main achievement of the 2006 Turkish Expedition to Everest? Is it a success story or were they just lucky?

Appendix 1: Video credits

Production: 2006 Everest Turkish Expedition

Director: Mustafa Temiztaş

Script: Burçak Özoğlu

Music: Akın Eldes, Macchapucce

Narrator: Eylem Elif Maviş

Cameras: Bora Maviş, Haldun Ülkenli, Mustafa Temiztaş, Serhan Poçan, Serkan Girgin

Field recording: Hakan Kocakulak, Mustafa Cihan, Mustafa Temiztaş, Serhab Poçan, Soner Büyükatalay

Montage: Mustafa Temiztaş

Image and equipment advisor: Hasan Gergin

Sound advisor: İsmail Karadaş

Photos: Mustafa Cihan, Serhan Poçan, Soner Büyükatalay

Portable camera design and application: Hasan Gergin

Transportation and organisation: Arun Trek & Expeditions -- Nepal, Gulf Air

Kitchen: Kusang Tenzing, Punuru, Hasta, Pasang

Energy sources: Soner Büyükatalay, Vedat Gün

Communication: Hakan Kocakulak, Haldun Ülkenli, Serkan Girgin

Sound recording: Stüdyo Kanguru, ODTÜ GİSAM

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Appendix 2: The Team:²⁰



Bora MAVIS

17/09/1975, Isparta Turkey

Middle East Technical University (METU), Metallurgical and Materials Department (B.Sc., M.Sc.)

Iowa State University, Materials Science and Engineering (Ph. D.)
Instructor, Hacettepe University, Industrial Engineering



Burcak Ozoglu POCAN

04/01/1970, Ankara Turkey

METU, Business Administration (B.Sc.)

Ankara University, Labour Economics and Industrial Relations (M.Sc., Ph. D.) Instructor, Ankara University



Eylem Elif MAVIS

09/11/1973, Tokat Turkey

METU, Environmental Engineering (B.Sc., M.Sc.), Business Administration (MBA)

Iowa State University, Information Systems (M.Sc.) Information Systems Specialist, Usta Yazilim

²⁰ Employment information of the team was as valid in Spring 2006. All members of the team came from the same mountaineering background (METU Mountaineering Club and later ORDOS).

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Hakan KOCAKULAK

01/06/1977, Zonguldak Turkey

METU, Mechanical Engineering (B.Sc.)

Specialist Researcher, TUBITAK, BILTEN



Haldun ULKENLI

22/01/1970, Munchen – Germany

METU, Mechanical Engineering

Ski Instructor (METU) Turkish Ski Federation, Technical Committee Membership



Meltem Colak OZMINE

29/05/1972, Ankara Turkey

Hacettepe University, Faculty of Arts, Dept. of Graphic Design, Creative Director, Arka Bahce



Mustafa CIHAN

08/05/1971, Adana Turkey

Gazi University, Civil Engineering (B.Sc.) Manager, Nisan Construction



Serhan POCAN

11/04/1970, Konya Turkey

METU, Mathematics (B.Sc.) Software Specialist, Usta Yazilim



Serkan GIRGIN

19/10/1979, Ankara Turkey

METU, Environmental Engineering (B.Sc., M.Sc., PhD – continuing)

METU, Geodesy and Geographic Information Systems (M.Sc.) Ph. D. Candidate, Environmental Engineering, METU



Soner BUYUKATALAY

05/05/1979, Erzurum Turkey

METU, Electrics and Electronic Engineering (B.Sc., M.Sc., PhD – continuing) Researcher, TUBITAK, BILTEN



Suna YILMAZ

04/07/1972, Ankara Turkey

METU, Mathematics (B.Sc.)

METU, Physical Education and Sports (M.Sc. – continuing) Network Specialist, METU Computer Center.

İSKENDER®-Yavuz İskenderoğlu: Growth Decision in a Long-Lived Family Business

ESRA DİL

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Esra Dil wrote this teaching case, which is edited and reviewed by BAS Koene (Rotterdam School of Management, Erasmus University) and Nazli Wasti (Middle East Technical University), as a part of the Case-Study Alliance Turkey Erasmus+ project.

This case is based on published sources and field research. It was developed to provide material for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The authors have disguised some identifying information to protect confidentiality.

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İSKENDER®-YAVUZ İSKENDEROĞLU: GROWTH DECISION IN A LONG-LIVED FAMILY BUSINESS

Ayhan Bey: We invented this product. Our competitors grow by using our name; they are everywhere. Where are we ranked? “In the top 500? We are selling our product all over the world? 300 branches in 28 countries; here is our logo, through it the Turkish flag is everywhere...!!!” However, there is no such thing! I think this is exactly what we should do.

Kayhan Bey: Then tell me, how do we explain ourselves to the people? People will say they are just growing their business. People do not think of us as merchants; they see us as craftsmen. Just imagine how much damage it will give to our brand image!

Oğuzhan Bey: There is only one thing that everyone is responsible here; this kebab should be served in the same taste as our grandparents did 150 years ago; giving the same care and value to our customers.

At the meeting of the board of directors, Yavuz Bey felt that they were at a crossroads. Since the age of 15, his vision had been to establish a restaurant chain and make İSKENDER a global brand. Due to this vision, his sons Oğuzhan and Kayhan studied abroad, as he had done. After completing their education, they returned to Bursa to develop the family business. Ayhan Bey, the professional manager of the company, was aware of the huge opportunity in the market and was eager to grow the business. However, the proper growth decision should not damage their 150-year-old brand. To be everywhere, both in Turkey and all over the world, would they prefer growing via granting franchises or should they stay as an “experience brand” by preserving their current strategy of business? If they were to change course and adopt the expansion strategy, what would be the steps to be taken to become a worldwide brand?

Background

Döner kebab is a famous dish in traditional Turkish cuisine. It is not only famous for its delicious taste but also due to its ease of service as a meal or fast-food, compared to other

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kebabs. **İSKENDER®** Company, which has operated in the sector since 1867, is widely accepted as the creator of this dish. The city of Bursa where the company is located is famous for this special meal.

The Iskenderoğlu family's occupation had been butchery and lamb shawarma²¹ (çevirme) for generations. İskender Efendi's father, Mehmet Efendi, started his business in 1850 in Bursa, where the lamb *shawarma* and *tandır*²² business was very common. İskender Efendi wanted to try a new cooking technique for kebab, and it took a while to convince his father to this idea. This was how the idea of cooking the lamb vertically in a barbecue came about, breaking away from the centuries-old practice of cooking it on a skewer parallel to the fire.

İskender Efendi separated the bone off the meat. He prepared a special meat roll and put it on a skewer. After cooking it vertically in front of the fire, he minced it. This new cooking technique drew great attention in Bursa and was called '*İskender Efendi'nin Dönen Kebabı*' (the turning Kebab of İskender Efendi). After a while, this new kebab was called simply as döner. Not only the cooking technique drew attention in those days, but the service of the meal was also unique. İskender Efendi placed the kebab on pita bread with yoghurt, gravy, and melted butter. Today this serving style is called as İskender in all Turkish restaurants (Exhibit 1).

There are some important milestones in the development of the Iskenderoglu family business. Although İskender Efendi started to work with his father Mehmet Efendi, he established his first restaurant in 1867 under the Kayhan Mosque in the historical Kayhan Bazaar. İskender Efendi's three sons, Nurettin, Süleyman, and Cevat, worked with their father. At the beginning of the 1930s, Nurettin and Cevat opened a new restaurant at the corner of the Tayyare Cultural Center on Atatürk Caddesi. İskender Efendi died soon after, in 1934.

İskender Efendi's death brought along a split in the family business. Süleyman Bey ran the restaurant he had inherited from his father till the day he passed away in 1965. In the mid-

²¹ Today, shawarma and gyro are known as middle eastern dishes, which referred to döner. Shawarma means barbecued red meat, which cooked by turning the meat horizontally on the barbecue. The word derived from Turkish which means turning (çevirme).

²² The name of the oven where the meat cooked slowly on the wood fire and the name of the dish which is made of red meat in tandır oven.

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1960s a new branch in Ünlü Cadde was opened, and in 1971 the first restaurant in Kayhan was shut down. The decoration of Kayhan's restaurant and all the nuances used in the interior design are preserved in today's İSKENDER® -Yavuz İskenderoğlu brand concept in all stores. Nurettin and Cevat continued their activities in the Atatürk Caddesi restaurant, named the Corner Blue Shop (Köşe Mavi Dükkan). After the death of Nurettin Bey in 1967, Cevat Bey ran the business alone. This branch of the family, which protected the İSKENDER® brand under the corporation name of Cevat İskenderoğlu Varisleri İşletmeleri, started branching in the 2000s. They raised the number of restaurants to 4 by opening two branches in 2001 and 2007 in Bursa, and another one in Istanbul in 2017. In 2002, Cevat İskenderoğlu Varisleri set up the İskender Ekspres brand as a sub-brand to enter the fast food sector, targeting shopping malls. By 2018, the number of İskender Ekspres fast food restaurants in Bursa had reached three, displaying slow growth.

A third split in the family business took place in 2001. While one of Süleyman Bey's sons of continued his operations in Istanbul, Yavuz İskenderoğlu worked on developing his brand. Although all family members had the right to use the registered brands of İSKENDER® and KEBAPÇI İSKENDER®, Yavuz İskenderoğlu's initiatives turned out to be the most fruitful in terms of increasing brand awareness, and he became the only member of his family to receive the Long-Life Businesses Award at the 5th Family Business Congress held in 2012²³.

The Rise of İSKENDER® Yavuz İskenderoğlu Brand

Yavuz İskenderoğlu had wanted to create a worldwide döner brand and restaurant chain since the age of 15. Even when he was a student in Great Britain, he planned to run a start-up, but he delayed this plan till after completing his military service in Turkey. However, the idea of doing business abroad was always at the back of his mind.

Yavuz Bey attempted some new business areas, such as running a petrol station and restaurant named as ODA in the late 1980s. In the 1990s, based on the income from the petrol station business, he became tax champion in Bursa. In 1996, he established a facility called as KÖY and registered the trademark. The Kebapçı İskender-Yavuz İskenderoğlu sign was used for the first time in this facility. Thus, Yavuz İskenderoğlu took the first step to

²³ <https://www.haberler.com/5-aile-isletmeleri-kongresi-3506393-haberi/>

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establish his brand. In the same year, Yavuz İskenderoğlu, and cousins Fahri İskenderoğlu, and İskender İskenderoğlu from the İskenderoğlu family registered the trademark as owners of the KEBAPÇI İSKENDER brand.

Yavuz Bey's vision regarding how to develop a business differed from those of the other members of the family. İSKENDER® promoted the slogan, "We do not have any branches" from the day it was established, and continued the business with the same mentality, even when the second generation had their sole restaurants. However, Yavuz Bey wanted to enlarge his business, believing that the business concept should be "We have many branches".

To connect the İskender brand with future generations, Yavuz Bey's first move was to start the İskender Efendi Mansion Project (Exhibit 2). This museum-restaurant project, which started in 1997, was opened on July 26, 2003, with Prime Minister Recep Tayyip Erdoğan attending the opening ceremony. In the same year, a branch was opened at AS Shopping Center. In 2004, 'the grandfather logo', which has embodied the icon of İskender Efendi, was registered officially (Exhibit 3). This logo has been influential in moving ahead of the other brands of the family and in recognition of the İSKENDER® Yavuz İskenderoğlu brand.

In 2005 another branch was opened and an ISO EN 9001: 2000 certificate was received by the company. In 2006, the İSKENDER® brand was registered for only the use by members of the İskenderoğlu family. In the same year, the first branch outside of Bursa was opened in Beşiktaş, İstanbul.

In 2007, the seventh branch of the brand was opened in Susurluk, in Balıkesir. This year became a year of increasing institutionalisation efforts, and the administrative offices moved to Bursa Akova. In 2008, İSKENDER® Yavuz İskenderoğlu registered its pita, must (şıra), eggplant deli (patlıcan hersesi), and sauce (dedesos) used in the presentation of the döner kebab. In 2009, the CTM certificate was acquired, and the brand became a European Union brand. In 2010, IQ NET ISO 9001: 2008 certification was received. The brand was also awarded many prizes for hygiene. In the same year, Yavuz İskenderoğlu became the Latvian Honorary Consul. ALATURKA brand, which was a serving style of the dish, was registered in 2012. By 2014, the number of all branches of Yavuz İskenderoğlu reached 15, and the company got the website domain of iskender.com.

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Meanwhile, the company participated in fairs and many organisations abroad to support promotion activities related to Bursa and Turkish culture, in addition to being involved in projects to preserve the Ahi (Turkish-Islamic guild) culture. Also, it has been honoured with the certificate of cultural envoy in the introduction of Turkish culture.

For the backward vertical integration of the business, a small cattle farm to raise 2000 animals was established in Karacabey Yeni Karaağaç, allowing the company to process its meats. The company also diversified into producing the firewood charcoal used in the production of kebab.

The company had decades-long relationships with the suppliers of materials used in the production of döner kebab. Similarly, it had long-term relationships with its employees. For example, Recep Seymen, an 82-year-old chef of the company who is known as grandpa-master (Dede Usta), had spent 75 years of his working life at the same company by 2018²⁴. Employees were treated as a member of the family. The company was regarded as a school that trains its masters, thus preserving the ahi culture. Family members involved in the management were also seen as masters.

Yavuz İskenderoğlu, who wanted to establish the link between past and future generations through his own family business, defined the vision of his operation as follows:²⁵

With 150 years of experience as İSKENDER® Yavuz İskenderoğlu company, indisputably the only leader of production and servicing of döner kebab in Turkey and across the world, our main goal is to produce and serve İskender Döner Kebab in the best flavour and quality to our customers to acquire a universal Turkish food chain.

After the fourth-generation successors began taking managerial positions in the company following their graduation, the necessity of reviewing the growth decisions of the business became clearer. Yet some changes had started to take place in the sector in the 2000s.

²⁴ <http://renkliyorumlar.com/yeme-icme/bursa-iskender-nerede-yenir/>

²⁵ <http://www.iskender.com/our-values/vision/17>

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Development and Change of the Market

After the 2000s many new brands and startups entered the market which established several chain franchise restaurants in the Turkish food sector. The increase in the number of shopping malls led to increasing competition. Malls offered new facilities for new restaurant chain brands such as Baydöner, Usta Döner, HD İskender, Bereket Döner, and Kasap Döner.

Baydöner, the sector leader in this category, was founded in 2006. Its founder received the 'the entrepreneur of the year' award in 2014 and gained 'the most popular and preferred restaurant chain' award in shopping malls in 2015 and 2016²⁶. In the menus of such restaurants 'İskender' is the name of the dish. Although they do not differ from each other regarding presentation style, there are big differences in taste.

On the other hand, the EU harmonisation process triggered new food standards, and the handmade production of döner was banned in 2008. After these new standards were applied, industrial döner production increased rapidly. After 2008, the consumption of the industrial döner increased from 5% to %40²⁷. Döner could be made from lamb or veal meat, lamb meat being the more expensive choice, which also allows more shrinkage during cooking. The increase in meat imports and the decrease in red meat production²⁸ led to an increase in döner kebab prices. It was getting harder to offer high-quality products at affordable prices.

Meanwhile, the food sector in Turkey was growing. The food retailing sector grew at an annual average rate of 13% between 2013 and 2015. The total sales area in the Turkish food retailing sector increased by 575 thousand square meters to 5.181 thousand square meters from 2014 to 2015, while the total number of stores increased by 18%, reaching 15,000.²⁹

In 2016, there were 30,000 döner stores in Turkey. The size of the market reaches 1.5 billion TL, and the daily consumption of döner was 500 tones³⁰.

²⁶ <https://baydoner.com>

²⁷ <http://donerrobotlari.com/turkiyede-doner-piyasasi/>

²⁸ <http://www.bloomberght.com/yorum/irfan-donat/2069136-ithalat-artiyor-kirmizi-et-uretimi-dusuyor>

²⁹ <http://tampf.org.tr/wp-content/uploads/2016/09/doenuesuerken-bueyueyen-tuerkiye-perakende-sektoerue.pdf>

³⁰ <http://donerrobotlari.com/turkiyede-doner-piyasasi/>

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Döner is not famous in Turkey only, but also all over the world. In Great Britain alone, there are 17000 döner stores and the estimated annual consumption of kebab is around 1.3 million portions. In Germany, döner sales reach around 2.4 billion Euros per year.³¹ The numbers of the döner corners in the Baltic and Nordic countries, Balkans, and the Middle East are increasing.³² Nevertheless, there are still no döner chains among the most common fast food chains in the world.³³

İSKENDER's Challenge

As early as 2007, Yavuz Bey had been eager to apply the growth strategy he had always envisioned. It would take time to open new subsidiaries because of the entrenched values of the company. Yavuz Bey noted 'For more than a hundred years, our slogan was 'We do not have any branches', but I imagined that we could replace that slogan with 'we have many branches'.

On the other hand, the company has its value system derived from traditional Turkish commerce ethics. The company displayed its core value system on a daisy motif: A sense of belonging, quality, ethics, constant progress, credibility, belief, and differentiation.³⁴ Behind this value system there is the Ahi philosophy, which the İSKENDER company interpreted as follows:³⁵

Ahi is the integration of art, commerce, and profession with mature personality morals and righteousness. Ahi is a person who not only has a certain art, trade, or a profession but who is also mature, ethical, beneficent, and honest and trustworthy in his every behaviour. Ahi has been the symbol of Turkish morals for many long years. The İSKENDER® Philosophy is a phenomenon that has been carried from generation to generation, dating back to the Ahi philosophy and that of our ancestors.

³¹ <http://donerrobotlari.com/avrupa-ve-dunyada-doner-robotu/>

³² <http://www.turkdoner.com/index.php?tekh=148>

³³ <https://www.forbes.com/pictures/feji45hfkx/top-10-global-fast-food-brands-2/#39556e8f580c>

³⁴ <http://www.iskender.com/our-values/the-daisy-chain-of-iskender/18>

³⁵ <http://iskender.com/degerlerimiz/ahilik-felsefesi/19>

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It is thought that besides the value system of the company, the product itself represents the Turkish culture. Yavuz Bey believed that this product, which was created by his grandfather, could represent the Turkish culture and culinary arts in foreign markets. Since the first day of the presentation of the döner, there has been a ceremony of presentation. In the restaurant, the chairs could be reserved but not the tables, and the customers sat on the empty chairs they found. While they were waiting for the meal, the juice made from the grape (must) was offered to ease the wait. After approximately 20 minutes of waiting, the Döner Kebab plate came and then the melted hot butter was served in front of the customer. If possible, one-to-one communication with customers was established, and they were addressed by their names.

Since the customers come here not only for satisfying their appetite but to have an experience and reward themselves, business owners believed that their work started over and over with every new client. Eating döner at İSKENDER® was on the first to-do list in Bursa. For this reason, 60-70% of the daily clients of the business were local tourists. The interest of Arab tourists to the company is huge. Since the other competitors did not have such an advantage, domestic and foreign investors who wanted to buy a franchise, applied for the İSKENDER® -Yavuz İskenderoğlu brand every day by offering high prices.

National competitors working with the franchise system were very strong. Being the oldest player in the sector would not guarantee to be the leader of the sector. These chain restaurants offered döner as 'İskender'. Yavuz Bey noted:

İSKENDER® is not the name of the dish. The name of the dish is Döner Kebab. The İskender name has become associated with the food's name. However, the usage of pita bread, yoghurt, meat, sauce, etc. is our invention, which represents our credibility, our understanding of quality and integration with the customer. İSKENDER®- Yavuz İskenderoğlu is not only the name of a restaurant or a place. İSKENDER®-Yavuz İskenderoğlu can be defined as a culture which represents Bursa in the domestic arena and Turkey in the global arena.³⁶

³⁶ <http://www.iskender.com/markalasma/iskender-markasi/20>

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The business has opened its family owned branches and has been in a positive trend of growth in the local market. However, to grow in national and international markets, more capital and more know-how knowledge were required. The current production and presentation style of döner maintained the tradition. The increase in industrial döner production in the market was an opportunity which required another business plan for growth.

On the other hand, the product image of döner was very poor in the international market. In the European Countries, it was perceived as a cheap street-food. The company had to explain its own firm culture and product characteristics in these markets. Otherwise, döner kebab could not be priced like meals sold in restaurants for \$50, and the customer would not be convinced it was not a \$5 street food. Moreover, in countries such as the United States, the rules for the importation of foodstuffs made it necessary to establish a special supply chain for such countries. However, the fact that meat prices were relatively lower abroad could be considered as an important advantage.

Yavuz Bey did not want to put the family name and the system of values they had in danger while implementing a growth strategy. Entering the rapidly growing fast food sector with the İSKENDER®-Yavuz İskenderoğlu brand and the family name would be risky for the existing brand image. In the last meeting of the board of directors, the debate was on to decide on the growth strategy of the company. Yavuz Bey discussed with his two sons and the professional manager Ayhan Bey. A tough choice awaited them. How should the growth strategies be implemented and what were the steps to be taken?

Exhibit 1: Döner Kebab



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Exhibit 2: İskender Efendi Mansion – The Museum Restaurant



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Exhibit 3: The logo of İSKENDER® - Yavuz İskenderoğlu Brand



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